Austria ... Sch 15	Italy ...... L 1100	Portugal ... Esc 65
Bahrain . Din 0.650	Japan Y550	S. Arabia Rls 6.00
Belgium ... BFr 35	Jordan ... Fils 500	Singapore . S$ 4.10
Canada ... C$2.50	Kuwait ... Fils 500	Spain ..... Pta 95
Denmark .. DKr 7.00	Lebanon .. £L 6.00	Sri Lanka ... Rup 30
Egypt .... E£1.00	Luxembourg . LFr 35	Sweden . SKr 5.50
Finland .. Fmk 5.00	Malaysia .. Rm 4.25	Switzerland . SwFr 2
France .. FFr 5.00	Mexico .. Pes 300	Taiwan ... NT $85
Germany . DM 2.00	Morocco Dh 6.00	Tunisia .. Din 0.600
Greece ..... Dr 60	Netherlands Fl 2.25	Turkey .... L 160
India .... Rup 15	Norway NKr 6.00	U.A.E. ... Dh 6.50
Indonesia .. Rp 2500	Philippines Pes. 20	U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,066 — Friday May 6 1983 — D 8523 B

Why French students are protesting on the streets, Page 3

NEWS SUMMARY

GENERAL

Violent street clashes in Paris

Molotov cocktails were hurled at Paris police as 10,000 students demonstrated yesterday against government plans to reform higher education. Three policemen and two demonstrators were reported injured.

The demonstrations started peacefully but ended in sporadic and violent clashes between youths and riot police.

Most of the students had dispersed before the fighting broke out. It was unclear whether the extremists were mostly from the far Right or also included members of the far Left. A protest by about 15,000 shopkeepers and small businessmen also degenerated into violent clashes with police. Page 3

EEC budget package

The European Commission proposed a financial package calling for member governments to endorse a plan to lift a ceiling of 1 per cent value-added tax on budget revenues. It would be replaced with a system allowing for staged increases of 0.4 per cent. Page 3

N-freeze call

The U.S. House of Representatives approved a resolution calling for a U.S.-Soviet freeze on atomic weapons. Page 5

Italian election date

Italy's general election will be held on June 26, the date for some local polling. Page 2

Exocet deal

France is to sell Kuwait six military helicopters equipped with Exocet missiles in an arms deal worth about FFr 700m ($95m).

Paris spy charges

Two Frenchmen were charged with industrial espionage in cases connected with Russians expelled from Paris last month as spies.

Ambassador recalled

Argentina recalled its ambassador from Italy as relations between the countries worsened over the thousands of people who disappeared in Argentina in the 1970s. Page 2

'Aids' disease help

The chemical interferon has treated successfully victims of "Aids" disease, which attacks the body's immune system, U.S. cancer experts said.

Greens rejected

West Germany's parliament rejected a Greens party proposal for a special Sunday sitting to mark the 38th anniversary of the Third Reich's collapse.

300 excommunicated

A congregation of 300 in Siena, Italy, was excommunicated for denying the Pope's authority in favour of a man who claims to work miracles.

Briefly . . .

Mexican peasant squatters were holding four Americans captive in a caravan park near the northern mountain resort of Alamos.

Ethiopia introduced compulsory military service for males aged 16 to 30.

Former Maltese President Anton Buttigieg died aged 71.

Weapons intercepted on their way to Nicaragua will be returned by Brazil to Libya.

Poland's bishops reiterated demands for martial law to be lifted. Page 3

South Africa's power-sharing Constitution Bill was tabled. Page 4

BUSINESS

Hoesch reports $8m profit

● **HOESCH**, West German steelmaker reporting separately for the first time from the demerged transnational Estel concern, made DM 19.5m ($8m) net profits last year against DM 397m losses. Page 20

● **DOLLAR** weakened to DM 2.4405 (DM 2.4455), SwFr 2.051 (SwFr 2.057), FFr 7.36 (FFr 7.3875) and Y235.05 (Y236.25). Its trade-weighted index was 121.9 (122.2). In New York, it closed at DM 2.442 (DM 2.441); FFr 7.365 (FFr 7.375); SwFr 2.054 (SwFr 2.057); and Y235.4 (Y235.7). Page 44

● **STERLING** finished down at $1.578, a fall of 25 points, DM 3.85125 (DM 3.8675), SwFr 3.2375 (SwFr 3.25), FFr 11.61 (FFr 11.6775) and Y371 (Y373.5). Its trade-weighted index was 84.9 (85.1). In New York, it closed at $1.5790 ($1.5785). Page 44

● **GOLD** rose $2 to $434.5 an ounce in London. In Frankfurt it added $0.75 to $434. In Zurich it was unchanged at $433.5. In New York, the Comex May settlement was $432.4 ($435.1). Page 41

● **TOKYO** markets were closed for a public holiday.

● **LONDON:** FT Industrial Ordinary Index slipped 5.2 to 695. Government securities eased, Page 37. FT share information service, Pages 42; 43

● **WALL STREET:** Dow Jones Index closed 7.07 up at 1,219.72. Page 37. Full share listings, Pages 38-40

● **HONG KONG:** Hang Seng Index edged 0.65 up at 987.29. Page 37

● **FRENCH** officials said the UK share in the $6bn Guangdong nuclear power station was likely to be cut after China and France signed a memorandum of understanding. Page 20

● **HUNGARY** proposed a wide-ranging farm trade agreement with the European Community.

● **U.S.** opposed protectionism but was prepared to defend its companies and workers against predatory foreign competition, Trade Representative Bill Brock said.

● **ALEXANDER** and Alexander, U.S. insurance broker that acquired Alexander Howden of the UK for $299m last year, reported first-quarter net operating income down from $18.8m to $5.6m. Page 21

● **SEARS ROEBUCK**, U.S. retailer diversifying into financial services, is forming a jointly owned export trading company with First Chicago bank.

● **GENERAL DYNAMICS**, leading U.S. defence contractor, made first-quarter net earnings of $56.8m against $40.3m. Page 21

● **AT&T**, U.S. telecommunications group, is to close its main Irish facility with the loss of 500 jobs despite representations by the Irish authorities.

● **REPUBLIC AIRLINES** of the U.S. plans to raise up to $75m through an offering of common stock and warrants.

● **IRAN** denied agreeing to give Japanese oil customers a discount of $2 a barrel on Organisation of Petroleum Exporting Countries' rates. Page 4

● **BRITAIN** rules out formal ties with the Organisation of Petroleum Exporting Countries, Energy Secretary Nigel Lawson said.

● **UK NATURAL GAS** reserves will meet the country's needs until the turn of the century, a British Petroleum study said. Page 8

● **FOUR** North American newsprint producers, accounting for about a fifth of the industry's capacity, are to raise U.S. newsprint prices by 6.7 per cent to $500 per metric tonne from July 1.

Israel expected to agree Shultz plan for troop pullback

BY DAVID LENNON IN TEL AVIV AND NORA BOUSTANY IN BEIRUT

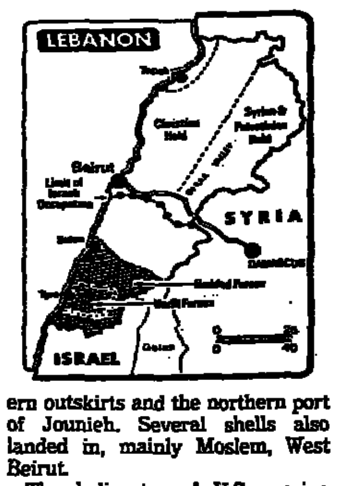
THE ISRAELI Cabinet is expected today to accept the terms of an agreement worked out by Mr George Shultz, the U.S. Secretary of State, which may pave the way for an Israeli withdrawal from Lebanon.

Withdrawal of all foreign forces from Lebanon is essential if President Ronald Reagan's Middle East peace plan, which has foundered on Israeli and Jordanian objections, is to be revived.

Once Israel accepts the draft agreement brought from Beirut by Mr Shultz, the backing of Syria must still be won. An Israeli Foreign Ministry spokesman also pointed out that further direct negotiations might be necessary to translate some of the points agreed in principle into practical terms.

Yesterday saw an apparent bid to sabotage Mr Shultz's mission when battles erupted in the Beirut area.

At least five people were reported killed as Christian-Druze fighting spilled over into the Lebanese capital. Shells hit the Christian suburbs of East Beirut, the capital's southern outskirts and the northern port of Jounieh. Several shells also landed in, mainly Moslem, West Beirut.



The helicopter of U.S. marine commander Col James Mead was hit as he was inspecting the source of fire from hills southeast of Beirut and forced to return to its base near the airport. No one was injured.

Mr Shultz plans to fly to Damascus, the Syrian capital tomorrow, to try to persuade President Hafez al-Assad to agree to a simultaneous withdrawal of Syrian troops from Lebanon when the Israeli pull-back begins. Jerusalem insists that its withdrawal is conditional on a Syrian and Palestine Liberation Organisation (PLO) pull-out.

If, as seems likely, the Syrian leader objects to the terms of the Lebanese-Israeli agreement, then he can block its implementation by refusing to withdraw his forces from Eastern and Northern Lebanon.

Syrian agreement will be a major diplomatic triumph for Mr Shultz, who has spent the past week shuttling between Jerusalem and Beirut.

The breakthrough in the withdrawal negotiations apparently came with Israeli concessions over the future status of Major Saad Haddad, its southern Lebanese ally, and Lebanese concessions over the participation of Israeli troops in joint security patrols in southern Lebanon.

Continued on Page 20

Chrysler to repay $400m of U.S. loan

BY RICHARD LAMBERT IN NEW YORK

CHRYSLER Corporation is planning to pay off $400m of its government-guaranteed loans and make its first public bond offering for 10 years. The move marks another step in the U.S. motor manufacturer's return to financial viability.

The group has $1.2bn of government-guaranteed notes outstanding, which are repayable by 1990. The guarantees were made available to save it from bankruptcy in 1980, and in return the government imposed severe restrictions on Chrysler's financial freedom.

The group said yesterday that it hoped to pay off all the government-backed loans by the end of 1985. The $400m that it intends to refinance in June is the most expensive tranche of the government-backed money with an interest rate of 14.9 per cent and a guarantee fee of 1 per cent, the annual cost of this money to the company has been $63m.

To help pay off this lending, Chrysler intends to make a public bond offering in June of as much as $200m. The loan is likely to have a life of five to ten years, and the cost will depend in part on the outcome of talks which the group will be holding with the main debt rating agencies in the next few weeks.

Chrysler has not sold bonds to the public since 1973.

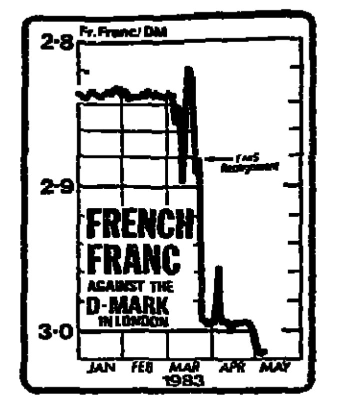
Its ability to raise money in this way now stems from its return to profitability and the financial recapitalisation which was approved by shareholders at yesterday's annual meeting.

As a result, the group now has shareholders' funds of around $900m, after three years in which its shareholders' funds have been in deficit.

After earning record profits in the first quarter of 1983, Chrysler indicated yesterday that it would almost certainly make another profit in the current three-month period.

BMW LIFTS DIVIDEND

BMW, the West German car and motorcycle manufacturer, is boosting its dividend. The company increased its motor vehicle production and sales volume last year by 8 per cent. **Page 21**



Mauroy firm on inflation

By David Housego in Paris

M PIERRE MAUROY, the French Prime Minister, came to the aid of the French franc yesterday with a strong reaffirmation of the Government's anti-inflation policy.

He also said that the administration was ready to "tighten the screws" further to achieve the goals of the stabilisation package announced after the devaluation of the franc in March.

The Prime Minister's remarks mark a departure from the low profile he has adopted since being reappointed head of government six weeks ago. They come at a time when the franc has come under renewed pressure and when increasing doubts have been cast on whether the government's targets can be achieved. The policies have also been attacked from within the running socialist party and from the Communists, junior partner in the French coalition.

M Mauroy said that the Government remained determined to bring inflation down to 8 per cent by the end of the year, from the current annual rhythm of 10 per cent. He indicated that a slippage to 9 per cent would not be acceptable.

On the trade deficit, he said the government's goal was to reduce the deficit to FFr 45bn ($6.1bn) in the 12 months period after the announcement of the measures.

This confirms that there has been some shift from the Government's original timetable of reducing the deficit to FFr 45bn by the end of the year from the FFr 93bn for 1982.

The official statistics institute, INSEE, forecast last week that inflation would not slow down sufficiently in the second half of the year for the Government to achieve its 8 per cent norm.

Privately it expects the rate to be closer to 9–10 per cent for the year. It also predicted that the trade deficit would fall to FFr 50bn by the year end, but only on the basis of a dollar at FFr 7. The dollar yesterday was at FFr 7.36, implying a deficit for the year closer to FFr 60bn.

Continued on Page 20

IBM seeks European communications allies

BY GUY DE JONQUIERES IN LONDON

INTERNATIONAL Business Machines, the world's largest computer manufacturer, is seeking industrial partners in Western Europe as part of a strategy to expand into telecommunications.

Mr Kaspar Cassani, president of IBM Europe, said in an interview that preliminary talks had been held with several other organisations, which he would not name. None of the discussions had reached a conclusive stage.

The U.S. group was interested in supplying products and services for national public telecommunications systems as well as selling subscriber equipment. He also left open the possibility that IBM might seek to operate networks commercially in Europe, although he did not expect that to happen soon.

He said IBM's current five-year business strategy for Europe explicitly provided for collaboration arrangements with other companies and that they might include joint ventures and participation in consortia.

This is the first time that IBM has disclosed plans for industrial collaboration in Europe, where it has extensive development and manufacturing facilities. Although it subcontracts much work to local suppliers, it has until now pursued an independent business strategy.

Mr Cassani said it would be essential to adopt a collaborative approach to telecommunications because no single company any longer possessed all the skills and resources needed to meet future demands.

His remarks follow the agreement in principle reached this year by another large U.S. group, American Telephone and Telegraph, and Philips of the Netherlands, Europe's largest electronics manufacturer, to set up a joint venture to market telecommunications equipment internationally.

In the U.S., IBM has a one-third interest in Satellite Business Systems (SBS), a joint-venture company operating an advanced satellite business-communications network. The other partners are the Aetna insurance group and Communications Satellite (Comsat).

IBM recently acquired 12 per cent of Intel, a leading U.S. semiconductor manufacturer, with which it works closely on technology. It has also commissioned Mitel, a fast growing Canadian telecommunications company, to develop for it a range of private exchanges.

Mitel is also understood to have agreed in principle to make at its plant near Newport, South Wales, larger private exchanges that IBM would market under its own name.

IBM's strategy, Page 23

EEC call for unity in high-tech sectors

BY PAUL BETTS IN PARIS

VISCOUNT Etienne Davignon, the EEC Commissioner for Industry, made a strong pitch yesterday for the Community's programme of technological collaboration designed to give Europe a strong electronics and communications industry to compete against Japanese and U.S. industries.

Viscount Davignon, who was in Paris yesterday to address a business conference, said the $1.3bn EEC programme would be discussed at the next European heads-of-state meeting in October.

The plan is intended to foster European collaboration in strategic areas of electronics and communications. It would be launched next year, with the programme being completed after five years.

Viscount Davignon argued strongly against Europe concentrating its electronics industry on single producers. This would be a major error, he said, adding that Japanese industry adopted the opposite approach, with its industries competing on their domestic market but joining forces with common strategies on export markets.

He said this strategy had enabled Japan among other things, to impose its standards in the video cassette recorder (VCR) market.

Viscount Davignon referred to the recent collapse of the attempt between Philips of the Netherlands and the Thomson group of France to collaborate on VCR technologies. Thomson recently opted to join forces with JVC of Japan to produce VCR components on licence from the Japanese company.

The commissioner said the European programme was designed to encourage collaboration in research and development by European industries. It is to be financed jointly by the Community budget and independent enterprises on a 50–50 basis.

EEC finance proposals, Page 3

Canon's £3m deal renames English football league

BY RAYMOND SNODDY IN LONDON

LIVERPOOL has won its last Football League championship. From next season, England's most successful soccer club will be playing in, and its fans watching, the Canon League.

The Japanese camera and office-equipment manufacturer, whose profits rose by 40 per cent last year, has come to the rescue of an English institution facing falling attendances and mounting deficits.

Canon UK is putting up £3m ($4.7m) in sponsorship over the next three seasons – the largest sponsorship deal in British sport. The previous largest deal was the National Dairy Council's £2m sponsorship of the Milk Cup, formerly the League Cup, over four seasons.

Canon said last night it would try to create a new image for the League, which was founded in 1888. The Canon deal will include more than £200,000 in prize money for the league's clubs to compete for. Next season, the winner of the first division will receive a cash prize of £50,000 and there will be cash prizes for the first four teams in each of the four divisions.

Top goal-scoring teams of the month will win £1,000 and the top-scoring team of the year will get £6,000. About £500,000 of the money will be used for youth projects and to encourage more families to come to watch football.

Canon, however, warned last night that it would review the situation if the league failed to agree on keeping football on British television. The league chairman made clear yesterday that they wanted football to stay on television.

Earlier this year, the league rejected a £5.3m joint offer from the British television companies. It then seriously entertained an £8m offer from Telejector, a private company, for the exclusive rights to show football on large video screens in public houses over two seasons.

Telejector subsequently withdrew its offer after a public outcry and fears by leading clubs that they might lose important sponsorship deals if they did not appear on television.

Yesterday, however, the league chairman quickly approved a package of terms to be put to the BBC and the commercial Independent Television (ITV) companies as the basis for breaking the deadlocks. The clubs want to see recorded highlights at the weekend, the second half of four matches a week broadcast live probably on Sundays, and up to 32 square inches (206 sq cms) advertising logos on players' shirts.

The television companies have so far offered 16 sq in. The £5.4m deal covering two seasons would also not include overseas rights. Mr Jack Dunnett, president of the league, said yesterday he believed the two sides were moving closer together.

The sponsorship deal is the culmination of a long search made more difficult because tobacco and alcohol manufacturers had to be ruled out. British companies were interested but none could offer as much as Canon.

Canon said yesterday that apart from having stadium advertising at all 92 clubs, the company would also probably be running photographic competitions.

CONTENTS

John Wyles in Brussels examines Greece's 'one foot in, one foot out' posture

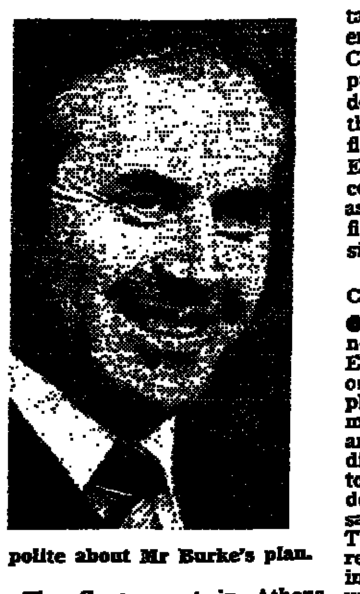
Athens and the EEC: only in it for the money

FOR THE past 18 months, the Socialist Greek Government's attitude to its membership of the EEC seems to have been part inspired by Groucho Marx's feelings towards clubs. On the one hand, it has not been enthusiastic about belonging to a club which so benignly welcomed its right-wing predecessor. On the other, the embarrassment has been assuaged by such benefits as EEC budget payments worth £500m in the first two years of membership and the opportunities to score points in Greece's ancient confrontation with Turkey.

Premier Andreas Papandreou has thus adopted a "one foot in, one foot out," posture. He has been "in" for the money and for the larger political stage but "out" when it came to applying the raft of legislation required of members and to observing Community rules on taxation and state aids.

This stance was given a shred of political dignity by a memorandum handed into Brussels a year ago, demanding special status for Greece which would recognise its relative economic and social backwardness and would allow Mr Papandreou to implement an interventionist and patchily protectionist five-year economic plan.

Mr Papandreou's equivocal approach could not be sustained for ever. A month ago, the European Commission effectively threw down the gauntlet with its final response to last year's memorandum from Athens. The Greek Government now has the choice of broadly endorsing the Commission's approach and aiming at full participation in the EEC, or holding the referendum Mr Papandreou promised in his election campaign, followed by possible withdrawal from the Community.



Mr Papandreou (above left) . . . polite about Mr Burke's plan.

The Government in Athens has found enough polite things to say about the Commission's report to suggest that it will embrace the cleverly drafted approach devised by the Irish Commissioner, Mr Richard Burke. The Burke response has been condemned by some observers as "appeasement" of the Greeks, but it actually makes very few real concessions to the demands tabled by Athens a year agó.

Crucially, it refuses to entertain the idea that Greece should enjoy special exemptions from Community rules in order to pursue its own path to economic development. While stressing that the Commission can be flexible in its application of EEC rules on state aids and competition, the Commission asserts that Mr Papandreou's five-year plan must be consistent with EEC membership.

There are three aspects to the Commission's proposals:

● Special provision over the next four years under existing EEC policies for financial help on infrastructure projects, employment and social policy measures, agriculture, transport and the environment. Total aid disbursed is unlikely to amount to more than £450m and is dependent on the projects satisfying Community criteria. The Commission has failed to respond to Greece's plea for an increase in its 13 per cent quota under the Regional Development Fund.

● Much more substantial aid amounting to nearly £1.6bn under the Integrated Mediterranean Programmes unveiled by the Commission in February, Greece would be the second largest beneficiary from this £3.97bn package which is also intended to help develop the Mediterranean regions of Italy and France. The Commission argues that this programme constitutes "a response . . . to many of the demands outlined in the (Greek) memorandum."

It would allocate £740m to Greek agriculture between 1985 and 1991, £72m to forestry, £84m to fishing and £630m to "general economic development."

● Efforts already underway to improve Greece's "take up" of EEC money by encouraging moves to ensure that Greek projects satisfy EEC criteria and by urging better internal co-ordination within the ramshackle bureaucracy in Athens.

Mr Burke and his Commission colleagues have made an honest attempt to address Mr Papandreou's problems and to suggest that there are tangible benefits to be won if Greece plays the Community game. They are even prepared to allow him to renegotiate a date for the introduction of VAT, now that the January 1, 1984 target in the Treaty of Accession looks impossible. But with an eye to Spain and Portugal, they have made it clear that there are some basic rules which, while flexible are there to be observed.

The single question which remains unanswered in the Greek saga concerns the wisdom of exposing fragile relatively underdeveloped Mediterranean agricultural economies to a Community political and commercial system devised for countries which are much more economically mature.

Sweden attacks 'submarine'

By David Brown in Stockholm

SWEDISH NAVAL units detonated two mines and dropped a depth charge yesterday on what they suspected was a foreign submarine near Sundsvall harbour, 300 miles north of Stockholm. Newspaper accounts said an oil slick surfaced afterwards.

The navy has reported contact with suspected submarines near Sundsvall over the past five days, but this is the first time explosives have been used. Defence spokesmen said the vessel might be a miniature submarine, implying the existence of another vessel.

The Swedish Government last week delivered a sharp diplomatic protest to Moscow after a special commission concluded that the Soviet Union had engaged in a sustained and "increasingly provocative" series of territorial incursions last year.

The report said the Soviet Union had used conventional submarines as mother vessels to a new type of miniature submarine capable of crawling on the sea floor. Several photographs and videotapes were released as evidence. The Soviet news agency Tass dismissed the charges as without support.

The defence forces have been given authority to sink any intruding vessel.

Italian parties agree on June date for general election

BY RUPERT CORNWELL IN ROME

THE ITALIAN general election will be held on June 26, alongside local elections involving some 7m voters, the Cabinet announced yesterday. Its decision settled the one outstanding issue after President Sandro Pertini had dissolved Parliament on Wednesday evening.

Under the Italian system, in fact, the country's 43m voters will be able to vote not only on Sunday, June 26, but also on Monday, June 27, until the polling booths close at 2 pm. In future, however, elections will be limited to a single day, as is the practice in most of Western Europe.

The new Parliament, Italy's ninth since the Second World War, will assemble for the first time on Tuesday, July 12, to elect presidents, the equivalent of Speaker, for both the Senate and the Chamber of Deputies.

Until the last there had remained an outside chance that June 19, the date favoured by the Christian Democrats, might be chosen. In the event, the parties have allowed the general election — called a year before time — to be combined with municipal, provincial and regional elections scattered up and down the country.

'Desaparecidos' issue strains Argentina ties

BY OUR ROME CORRESPONDENT

ITALY'S VEHEMENT reaction over the fate of the *Desaparecidos*, the thousands of civilians missing and presumed killed by Argentina's military government in the late 1970s, has brought relations between the two closely-linked countries to their worst point in many years.

Sr Rodolfo Lucchetta, Argentina's ambassador in Italy, was due to leave for home yesterday. He had been recalled by the Buenos Aires Government in protest at the harshly-worded official criticism by Italy of the laconic statement last week by the Argentine military junta that the *desaparecidos*, who included some 250 people who were either Italian nationals or held an Italian passport, should be presumed dead.

The protest was initiated by Prsident Sardro Pertini himself, who wrote to General Reynaldo Bignone, the Argentine head of state, accusing the military regime of trampling on human rights and of gross cynicism.

General Bignone responded by describing Sig Pertini's remarks as an inadmissible interference in Argentine domestic affairs. The latter responded that it was his duty to speak out.

At that point, Sig Sergio Kociancich, the Italian ambassador to Buenos Aires, was summoned by the Foreign Ministry there to be sharply rebuked. Shortly afterwards came the decision to recall Sr Lucchetta from Rome "for consultations."

It seems unlikely, though still possible, that the trouble will abate swiftly. Sig Pertini's typically outspoken and frank views reflect the general shock among the public here at the behaviour of the military regime in Argentina.

Italy has begun to mobilise its European Community partners for a joint response to Argentina, while Buenos Aires has been dropping hints that it is considering blocking, as a reprisal, industrial contracts awarded to Italian concerns.

Finnish PM out and in

BY LANCE KEYWORTH IN HELSINKI

THE FINNISH Prime Minister, Mr Kalevi Sorsa, who leads the Social Democrats, will submit the resignation today of his three-party coalition Government and have his new four-party Cabinet sworn in. Mr Sorsa's coalition of Social Democrats, Centre (Agrarian) and Swedish People's Party, has been governing in a caretaker role since the general election in March.

It is now to be joined by the Rural Party, giving a majority of 123 in the 200-seat Parliament. However, the Rural Party has always been a maverick since its formation 10 years ago and its reliability as a coalition partner is likely to be no stronger than the Communists' who were expelled from the Government in January.

The new Government's programme is long and loosely worded. The problems singled out are inflation and unemployment. The gross tax burden is scheduled to rise, but as little as possible, and state borrowing is to be reduced.

Rothschild pere looks on as Freres shows signs of revival

BY DAVID HOUSEGO IN PARIS

TO BE treated as a "Jew under Petain and a pariah under Mitterrand is as much as I can take." With those biting words, linking the expropriation of the Rothschild bank in France under the Vichy regime to its nationalisation by the Socialists, Baron Guy de Rothschild, the former head of the bank concluded a now famous article in Le Monde in October 1981 denouncing the Government's takeover.

Surprisingly he was one of the few major shareholders of an institution that was nationalised to lodge such a public protest. Shortly afterwards, he decided to take up residence in New York where he now lives for more than half the year.

But his "explosion of bad humour," as he now calls it, was well taken in France even among Socialists. This was partly because it touched a guilty vein of anti-Semitism and partly because it was a well-penned, idiosyncratic, defence of the right to be a Rothschild and rich in France.

Baron de Rothschild is back in Paris—where he still retains one of the most splendid houses in the French capital on the Ile de St Louis—to launch his memoirs which are also to be published in English.

Now 73, but still with a sharp eye and an active concern with the family's banking interests in New York, he said yesterday that the book was not intended to be polemical about the Left.

"I have made a few digs at the Socialists," he says, "but it was the least I could do. Most people would have expected much more of me."

In his front-page article in Le Monde (characterised by many on the Right as the Pravda of France), he said that only a few scraps remained of the House of Rothschild in France and that to rebuild again from the ruins would be too much.

He sticks to his word. But his son David is hoping to build from one of those "scraps," PO (Paris Orleans) Gestion, a new investment bank specialising in investment management and corporate finance. He has asked the Government for a charter to open a bank and plans to call it

Rothschild: memoirs

Rothschild Freres (reverting to the old name of the Rothschild Bank in Paris).

"It will be very small" in relation to what we had, says Guy, but it will be profitable and interesting.

Banque Rothschild was taken over by the state when its profits were falling and its industrial interests in the Imetal, Penarroya and Le Nickel metal groups suffering from the collapse of non-ferrous metal prices. The French Government is expected to step in with aid for the mineral companies.

Baron de Rothschild contests less the terms of the compensation than the fact that "we were forced to sell at the worst possible time."

In his book, which charts the war years, his association with M Georges Pompidou before he became President, and his involvement in the mining industry, he is dismissive of the Socialists writing that "the encylopaedic ignorance of the Left on economic matters is a constant in French political life."

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

EUROPEAN NEWS

French take to the streets of Paris to air their grievances

BY PAUL BETTS IN PARIS

STUDENTS, shopkeepers, small businessmen and a few farmers with their sheep took to the streets of Paris yesterday for another day of demonstrations in France.

The demonstrations were all separate, of different numbers and designed to air different grievances. The smallest were the sheep *farmers who* turned up with their animals at the Invalides, where Napoleon lies and where a memorial service was being held yesterday in the presence of his direct descendant Prince Napoleon. The farmers were protesting against the European Community's *farm policies as they* have been doing, at times violently, for the past few weeks.

The shopkeepers turned out in bigger numbers to complain against the Government's austerity programme which they claim is crippling their businesses. Their demonstration was vocal and disorderly, and the police had to intervene with teargas at one stage outside the *Ministry of Commerce.*

By contrast, the students turned out in colour and in good spirits in two rival demonstrations: one starting from the Eiffel Tower and ending at the Bastille and the other *starting* at the Bastille and ending at the Invalides.

There was far more sense of tension at the student demonstrations, however. Since French students have taken to the streets during the past two weeks, there have been clashes with police and the temperature *has* been generally rising in the university faculties.

Indeed, there were clashes again *yesterday between* police and a few hundred masked youths. The organisers of yesterday's marches had feared that extremists and troublemakers would exploit the *demonstrations in this way.*

The students are protesting against the proposed reform of the university system which the Mitterrand administration and M Alain Savary, the Education Minister, have been painstakingly putting together since the Left came to power in 1981.

The aim is to rationalise the system and make it more in tune to the needs of a modern society. The proposals are to be *debated in the* National Assembly on May 24.

For a whole series of conflicting and complex reasons, the students are opposed to the so-called "Savary Law." The *revolt* started at the end of last month with the students of the law faculty of the University of Malakoff in Paris. They are regarded as right-wing. It spread to other law faculties which argue that the law will worsen rather than improve the higher education system.

Medical students had already *taken to the streets* in protest at the reform of medical education.

The left quickly *joined* in so as not to lose its influence within the student movement as a whole. However, the left-wing student unions have generally favoured the broad aims of the Savary Law.

These students organised one of the demonstrations yesterday to counter the far larger demonstration of the so-called "independent" students

"We have been called right-wing because we oppose the Savary Law and hence the Socialists in government," said *a student from the Sorbonne.* "It is too easy to generalise in terms of right and left. We see ourselves as truly independent, apolitical. We just want to be heard by the Government and ask them to reconsider the university reform."

This movement of independents appears to be gaining force, after emerging on the French scene only during the past 10 to 18 months. "We are basically fed up with the student unions who have used the movement for their political ends," said a bearded student.

The Independents have been joined by some faculty professors and have organised a variety of protests from picnics to street demonstrations. They *form what seems* to be a new type of protest movement in that they group universities, students from the so-called grandes ecoles as well as students from the lycees.

Pöhl calls for balance in attack on inflation

By John Davies in Frankfurt

WORLD LEADERS meeting soon in Williamsburg should stress the need for balanced policies in combating inflation, Herr Karl Otto Pöhl, president of the Bundesbank, the West German central bank, said yesterday.

He indicated that that meant continuing efforts to reduce budget deficits rather than relying solely on monetary policies.

Addressing the Frankfurt Chamber of Commerce, Herr Pöhl said that it would be helpful if nations would really take into account the effect of their economic policies on other countries.

If they did so, it would mean correcting unbalanced policies *that neglected the effects of budget* deficits and which concentrated only on monetary measures. *"I hope that this, above all,* will be stressed at the forthcoming Williamsburg summit," he said.

Herr Pöhl cautioned against too much optimism about achieving stable foreign-exchange rates. He felt that public discussion in recent weeks about a return to more fixed currencies or the introduction of target zones was "fairly unrealistic, to put it mildly."

Some flexibility could and should not be avoided, particularly in currencies used heavily in international investment or as official reserve currencies.

Herr Pöhl said that the D-Mark's role as an official reserve currency had increased enormously in the past 10 years. Its share of official world currency reserve had risen from less than 2 per cent to about 10.5 per cent.

Stoltenberg blows his northern cool

By Jonathan Carr in Bonn

WHAT on earth has happened to Dr Gerhard Stoltenberg? The West German Finance Minister has been called "the cool Northerner"—not just because he comes from Schleswig Holstein, but because he seems more at *home with figures than with* passionate political exchange.

Yesterday's parliamentary debate on finance and economic policy changed that. Onlookers gaped in astonishment as Dr Stoltenberg, red with wrath, pummelled the opposition with one verbal body-blow after another.

His fiercest assault was on the radical Greens party, which had accused the Government of lining the pockets of the rich.

"That's one of the most stupid remarks I have heard in my political life," rapped out the minister to a chorus of boos and catcalls. "But don't think the primitive formulations of your stone-age Marxism can hurt me."

The Greens' policies, Dr Stoltenberg judged, were a recipe for unimagined levels of unemployment and bore telling witness to the low educa*tion level of the 1970s (when* many Greens were still at school).

Hardly pausing for breath, he rounded on the Social Democrat Party (SPD), accusing it *of arrogance and self*-contradiction, in power, and now out of it. On Wednesday the SPD had opposed the Government's budget savings efforts and on Thursday complained about the high level of debt.

Was that to be the level of opposition argument, Dr Stoltenberg demanded? It was certainly below the level he had expected of the SPD—until now.

It was left to Herr Hans Apel, the SPD's finance spokesman and himself quite a demagogue, to complain about the minister's rude style. Many spectators took a different view. It is not every day the Bundestag produces such *lively scenes from a minister* transformed.

Thorn calls for a quick decision on EEC revenue plan

BY JOHN WYLES IN BRUSSELS

M GASTON THORN, the president of the European Commission, warned yesterday that the *EEC faces exhaustion of its budget* revenues unless heads of Government lay down the lines at their Stuttgart summit next month for a quick agreement on new financing proposals.

At a Press conference with Mr Christopher Tugendhat, the Budget Commisisoner, M Thorn sought to dispel any suggestions that the Commission's proposals for drawing more money from member Governments would *result in profligate Community* spending.

The surge in agricultural spending which is *running* at 35 per cent above the 1983 budget figures was the responsibility of member Governments, M Thorn implied, and the Commission would try to take all necessary measures to deal with it.

The Commission's communication to member Governments takes it *for granted that the* case for giving the EEC *more* money to spend has already been made. Nearly all available resources under the present revenue ceiling will be spent this year, says the Commission, which adds *that it is budgeting* to spend virtually every permitted European currency unit *(Ecu) next year.*

With agricultural spending steeply increasing, the Commission document attempts to assure governments that it does not plan to allow farming to swallow up the extra money as well.

CAP FINANCING
(member states' shares)

	Up to 33% of total budget	Above 33% of total budget
West Germany	29.0	28.5
France	23.5	27.8
Italy	12.7	14.5
Netherlands	5.8	7.5
Belgium	4.1	4.1
Luxembourg	0.2	0.3
Britain	19.1	11.1
Ireland	0.7	0.8
Denmark	2.3	3.6
Greece	1.6	1.8

Rather, the resources will go to expanding existing policies such as the social and regional funds and research and development programmes. The priority for new policies will be to achieve economies of scale by encouraging the Community to act where it can be more efficient *than individual member* states.

The Commission's proposals are designed *to achieve three* things: supply more money for EEC spending, help correct the huge imbalance between the UK's payments to and receipts from Brussels and the transfer of power from national Parliaments to the Council of Ministers and the European Parliament.

Perhaps the most surprising is the proposition that national parliaments should lose their *powers* of ratification *over* increases in the EEC's "own resources"—its budget revenues. The current limit on the money which Brussels can demand from member governments can only be *raised* by agreement among governments and ratification as an amendment to the EEC Treaties by national parliaments.

In effect the *Commission* wants the parliaments to renounce this power when they *ratify whatever agreement* emerges from the Commission's proposals. Afterwards, revenues would be raised at certain stages by unanimous agreement of member governments and a three-fifths majority in the European Parliament.

The current revenue limit is known as 1 per cent of VAT and *amounts* to 1 per cent of the total retail sales in member states of a common basket of goods and services. The Commission wants this raised by normal procedure to 1.4 per cent and then by steps of 0.4 per cent under the new procedure. The first increase to 1.4 per cent would add between Ecu 6bn and Ecu *7bn or £3.5bn to £4bn to* the Community's available income.

The Commission was finally unable to make up its mind about raising extra money by means of a tax on energy consumption. It has reserved its right to make such a suggestion which may be part of a package of measures *for energy* diversification and development it plans to table in the next month.

Mr Tugendhat, the Budget Commissioner, originally raised the idea of a tax on energy imports which would have helped ease the British payments problem. However, he failed to get this past Viscount Etienne Davignon, the Energy Commissioner, and the compromise of a tax on private energy *consumption clearly raises* issues which trouble the Commission.

Of *specific interest for the* UK is the Commission's proposal to set a 33 per cent threshold for agriculture spending. This means that for as long as the Common Agricultural Policy consumes more than one-third of *the total budget* (its present share is about 65 per cent) the balance will be financed on a different basis.

Member states' share of these costs would be determined by their share of final agricultural production for those products embraced by the CAP, by their per capita gross domestic product and by their net operating surplus (a measure of national profitability). If this system had *been operating* between 1979 and 1981 internal Commission figures show that member states would have financed the CAP through the VAT system along the lines of the accompanying table.

Polish bishops demand end to martial law

By Christopher Bobinski in Warsaw

POLAND'S BISHOPS have repeated their demand for a lifting of martial law, an amnesty for political prisoners and a return to full civil rights.

The demand comes in a communique following a two-day bishop's conference at Czestochowa which also states that those who have lost their jobs for political reasons should be reinstated.

The bishops make it clear that they would like the authorities to take these steps in conjunction with the Pope's planned visit here in June.

The communique is aimed as much at the faithful as the authorities to underline that the bishops have not dropped their long standing demands *as a price for the papal visit.*

However, the wording also conveys that the bishops are willing to countenance a lifting of martial law after the visit as the authorities have been suggesting

UK disappointed with Commission proposals

BY JOHN WYLES IN BRUSSELS

THE BRITISH Government made little effort to hide its disappointment last night about key European Commission proposals designed to save the EEC from bankruptcy and to lay the basis for a long term solution to the British budget problem.

The proposals show that the European Commission is prepared to recommend direct action which would only cut Britain's deficit with the Community by between one third and a half. Further reductions in Britain's net contribution to the EEC – running at an estimated £1.2bn ($1.9bn) this year – would have to be achieved through higher spending in the UK.

Mr Douglas Hurd, Britain's junior foreign minister, complained on BBC radio last night, that the proposals for refinancing the EEC budget did nothing about the central problem of excessive agricultural spending.

Unveiling the plans yesterday, M Gaston Thorn, the Commission President, and Mr Christopher Tugendhat, the Budget Commissioner, both pledged stronger efforts to control farm spending. In the past four months this has surged to 35 per cent above budget, which virtually guarantees that the EEC will be spending all its available revenues next year.

OVERSEAS NEWS

Kathleen Evans, recently in Tehran, reports on the trend towards liberalisation

Reformers battle free marketeers in Iran

WHEN Ayatollah Khomeini published a decree last December on abuses of power, many Iranians hoped that for the first time in four years a start was being made towards liberalisation and that an end was in sight to the daily toll of executions and arrests.

The regime was feeling at its most secure, many argued. The opposition forces, principally the Mojahedin appeared to have been wiped out, put in prison or forced to flea the country. Only the continuing arrests for petty offences, un-Islamic behaviour or suspicion of counter-revolutionary activities, was affecting the popularity of the Government.

The decree looked promising enough. The Ayatollah urged an end to petty fault-finding on the part of extremists, that care should be taken by the courts to observe people's rights and that snooping and accusing one's neighbours should end.

It also declared that no judge had the right to issue orders allowing entry into people's homes.

The decree did change many things in Iran, but perhaps not as much as many Iranians would have liked. Immediately after its publication, a few brave women began discarding their headscarves, and even lipstick made a brief reappearance.

There was a fast reaction against such developments from the fundamentalists however. Women suffered the brunt of the backlash. The Government's interpretation of modesty was rigorously reapplied.

But the decree has generated a general relaxation. A number of officials were removed from their jobs, and people were allowed to protest against unjust arrests

Foreign businessmen noticed an imrovement in the normally chilly but polite relations they had with Iranian officials. Seizures of property by the Foundation for the Deprived, which has taken over thousands of private enterprises tailed off, and some companies were even offered back to their former owners. More significantly, the Foundation was asked to produce its accounts within three months.

The move against the Foundation reflected the debate which has been going on about the country's future economic style. On the one side there are the social reformers, represented by the President, Ali Khameni, the Prime Minister, Hussein Musavi, and the highly popular speaker of the Parliament, Akbar Hashemi Rafsanjani. They are still eager to push through land reform laws and the nationalisation of foreign trade.

These policies have been opposed principally by the Commerce Minister, Habibollah Ascarowladi, and the Labour Minister, Ahmed Tavakolli, both said to be firm believers in a free market economy. Mr Ascarowladi, whose power base is the bazaar, is believed to have its support in this, and in February mounted a whispering campaign against the Prime Minister and the Speaker about the alleged mismanagement of the economy.

Aspersions were even cast against the popular Speaker over his qualifications to be Friday prayer leader in Tehran, and being a mere Hojatoleslam, roughly equivalent to an archdeacon, Rafsanjani felt vulnerable enough to stay away from Friday prayers for three weeks.

The differences between the two factions are likely to re-emerge shortly with the proposed labour law, which forbids strikes and the formation of trade unions. Until now, the most powerful argument used against social reform bills is that they are un-Islamic.

The Right-wing Fundamentalists were able to demonstate their new strength last week with the arrest of a second batch of Tudeh Party members. This was followed by a televised "confession" by the Secretary General of the Communist Party, Dr Nouriddine Kianoori, to charges of espionage and treason.

Dr Kianoori, speaking from prison where he had been held since last February, said he had passed on military and political information to the Russians and had had intermittent contact with them since 1945. The confession—whether secured under torture or not—enabled the Revolutionary Prosecutor General, Musavi Tabrizi, to go ahead with the dissolution of the party and demand that remaining Tudeh Party members turn themselves in.

The confessions of other central committee members who were also "interviewed" on television, appeared to be designed to portray the party as treasonous, and Marxism as a dead idealogy, irrelevant to the Islamic people of Iran.

This final round-up of Communists in Iran will, many observers say, wipe out the last vestiges of potential organised opposition to the regime. The subsequent expulsion of 18 Soviet diplomats from Tehran will bring Iran-Soviet relations to a new low point, and is the culmination of an officially orchestrated campaign against the Soviet Union.

Speaker Rafsanjani . . . popular but vulnerable

The expulsions occur at a time of renewed Iraqi bombings of Iranian border towns using Soviet missiles. Relations are likely to sink even lower if Dr Kianoori is executed, as many Iranians believe he will be.

One issue which does unite Iranians is the war with Iraq. Since the disastrous offensive launched last February, certain changes in war strategy have taken place. Losses during the offensive have been estimated to be as high as 8,000 to 10,000, principally volunteers.

Western strategists say they are expecting Iran to adopt much more classical tactics in future, perhaps dispensing with the "human wave" tactic in which thousands of volunteers were sent into the front lines. Success on the ground is vital if popular support for the war is to be maintained.

Iran yesterday vehemently denied that it had agreed to give Japanese oil customers a discount of $2 per barrel below the rates set by the Organisation of Petroleum Exporting Countries' price structure, Richard Johns reports.

Dr Abbas Harnadoost, Deputy Minister of Petroleum, dismissed as "absolutely wrong" an international news agency report that such a concession had been given as a way of breaking the deadlock over prices in negotiations between Iran and Japanese companies.

In a dispatch from Kuwait on Wednesday Mr Sadanori Yamanaka, Japanese Minister of Trade and Industry, was quoted as saying a $2 discount was being given. But Japanese diplomats said he was badly translated, misquoted and referring to the situation prior to Opec's March agreement on pricing and production quotas.

Official selling rates announced by Iran following conclusion of Opec's Pact involved a discount of $1.20, to take account of insurance premiums and higher freight costs arising from its conflict with Iraq. Other members of Opec gave Iran discretion to offer a discount for this reason and have not objected to the one given.

Dr Harnadoost estimated that the current extra cost of shipping Iranian oil from Kharg Island compared with other Gulf crudes was about 80 cents per barrel, compared to 1-1.25 in March.

S. Africa tables power-sharing constitution

BY BERNARD SIMON IN JOHANNESBURG

POLITICAL CONTROL in South Africa is to remain firmly in white hands under the terms of a draft constitution tabled in Parliament yesterday allowing Coloureds and Asians limited participation in central Government.

The draft, known as the South Africa Constitution Bill, represents the culmination of efforts by the Government over the past eight years to soften its segregationist policies without giving up white control.

Introducing the Bill, the Minister of Constitutional Development Mr Chris Heunis, said that while policy reforms were necessary, the Government was determined not to jeopardise "order and stability."

The major criticism of the new constitution, the broad outlines of which have been known for some time, is its total exclusion of the country's 21m blacks from the new legislative system.

The draft Bill sets out a ponderous mechanism to replace South Africa's Westminster form of Government. A tricameral Parliament will be created by adding to the present whites-only House of Assembly, a "House of Representatives" for Coloureds, and a "House of Deputies" for Asians.

Provision is made for Parliament to continue functioning if one House refuses to participate in the new system, as may happen if Coloured and Asian representatives are not assured of a significant influence in the legislative process.

The Prime Minister will be replaced by an executive president, whose powers will include the right to determine whether legislation should be passed by all three Chambers or merely by one. The President will be elected by a college dominated by the majority party in the white legislature.

The constitution Bill spells out issues of concern to a specific racial group which can be passed by that community's Chamber acting alone.

These are matters mostly such as agriculture, welfare, water affairs and education. All other measures—including those dealing with blacks—will require the approval of all three Chambers.

In the case of a deadlock, a measure can be referred to the President's Council, 45 of whose 60 members will be either elected by the white Chamber or appointed by the State President.

The number of Ministers will be substantially expanded. Besides those dealing with "common" matters such as defence, finance and transport in the main Cabinet, there will be a Ministers' Council in which each racial group will have a Minister to take care of its own interests. Several portfolios will thus each be handled by three Ministers.

Mr P. W. Botha, the Prime Minister, who is likely to be the first executive President, has indicated that the new constitution will have to be passed by Parliament this year, and the Government is keen to implement it during 1984.

Reports are circulating however, that implementation will be delayed until the present whites-only Parliament has considered proposals on the future of urban blacks, currently being formulated by a special Cabinet committee.

● Mr Pik Botha, South Africa's Foreign Minister, met a high-level Mozambique delegation at Komatipoort on the border between the two countries yesterday.

Government's optimism aids HK dollar

By Andrew Fisher in Hong Kong

OPTIMISTIC official statements about the Hong Kong economy along with government intervention in the foreign exchange market helped the Hong Kong dollar to reverse several weeks of decline against the U.S. currency yesterday.

Government officials said the colony's exports were starting to move up sharply as the U.S. economy recovered. Exports to the U.S., the colony's biggest market, were 9 per cent higher in real terms and 19 per cent higher in value in the first quarter of 1983 against the same period last year.

The Hong Kong dollar, which had been falling towards a record low of HK$7 to the U.S. unit, avoided going through that level and rallied in Hong Kong yesterday to HK$6.87 against the U.S. unit from HK$6.91 on Wednesday.

"I'm heaving a sigh of relief," said Mr John Bremridge, the colony's Financial Secretary. But he declined to say anything about government intervention to check the local currency's decline yesterday.

The slide in the local currency has reflected the strength of the U.S. dollar, demand by local manufacturers for the U.S. currency to finance imports, sales of the Hong Kong currency by China, and the underlying question over the colony's future

Local exporters have also tended to hang on to their U.S. dollar revenues while the local currency has been weakening, in order to obtain maximum profit, and profit-taking yesterday further helped the local currency.

Speaking in Manila at the annual meeting of the Asian Development Bank, Mr Douglas Blye, the colony's Secretary for Monetary Affairs, said the Hong Kong economy was poised for a recovery if it was not already on the way. He spoke of a revival of confidence among manufacturers.

Mr Blye said a moderate degree of government borrowing might be necessary if present difficulties in public finances looked like continuing beyond 1983-84 on any substantial scale.

Virata admits offer to quit in IMF loan row

By Emilia Tagaza in Manila

MR CESAR VIRATA, who doubles as Prime Minister and Finance Minister of the Philippines, said yesterday that he had offered to resign his post because of controversy over the tough conditions attached to the country's latest $550m (£366m) loan from the IMF.

Breaking a long silence over speculation concerning his future, he admitted at a press conference that he gave his "verbal" resignation last month. He could not submit a written resignation, he suggested, because of the political implications.

Foreign bankers and diplomats who respect Mr Virata have expressed anxiety over the fact that he has come under fire. The attacks have come from politicians in President Ferdinand Marcos' Cabinet who feel the IMF terms amount to an infringement of Philippine sovereignty.

The IMF demanded drastic cuts in government spending to lower the budget deficit from an estimated 14bn pesos (£1bn) last year to 9.4bn pesos this year and 9bn pesos in 1984. Foreign borrowing is also to be cut from $2.4bn last year to $2bn this year.

Politicians in President Marcos' ruling New Society Movement, including the party's Treasurer, Mr Roberto Benedicto, object to what they see as the IMF's undue influence. They also fear that the government's measures will adversely affect the party's chances in the election scheduled for next year.

One of the Government projects to suffer from the budget squeeze is the National Livelihood Programme (KKK). Last year, 1bn pesos were allocated for the programme, but to date only 300m pesos have been released.

Mrs Imelda Marcos, the influential wife of President Marcos, who co-ordinates the programme, complained at a recent party meeting about the limitation of funds.

Mr Virata insisted yesterday that the reduced budget passed last year was discussed by the party and the National Assembly, and was approved by President Marcos himself.

India reiterates desire to borrow from ADB

BY OUR MANILA CORRESPONDENT

INDIA YESTERDAY reiterated its desire to borrow from the Asian Development Bank (ADB) despite the relatively small increase in the size of the bank's capital resources and U.S. objections to the move.

The level of borrowing would depend on the level of the bank's ordinary capital resources, said Mr Pranab Mukherjee, India's Finance Minister. "We don't like to disturb the borrowing pattern of the traditional borrowers," he said.

India has previously mentioned a borrowing programme of $400m (£266m) annually for five years. But Mr Mukherjee said this was based on an expected 125 per cent increase in the bank's authorised capital for the period 1983-87, and the bank's executive directors have approved a 105 per cent increase in ordinary capital resources to $16.2bn.

K. K. Sharma reports from New Delhi: Mr I. V. Arkhipov, Soviet First Deputy Prime Minister, arrives in New Delhi next Wednesday for three days of talks with India's Foreign Minister, Mr P. V. Narasinha Rao, at a time when Indo-Soviet economic relations are under threat because of the crisis in their trade arrangements.

The crisis arises mainly out of the heavy adverse balance of trade with Russia in the past few years, particularly in 1982.

Nuclear freeze backed by House

By Reginald Dale, U.S. Editor, in Washington

BOTH SIDES claimed victory yesterday after the House of Representatives finally passed a hotly-contested, but largely symbolic nuclear "freeze" resolution, ending a marathon debate which spread over seven weeks and occupied more than 40 hours on the House floor.

The resolution, which calls for "an immediate, mutual and verifiable freeze" on the two superpowers' nuclear arsenals followed by arms reductions, was passed by 278 to 149. Sixty Republicans defied the Reagan Administration by voting in favour, while 43 conservative Democrats joined the mainly Republican opposition.

A significant amendment passed just before the final vote nonetheless allowed the freeze's opponents to claim they had taken most of the steam out of the resolution's impact.

The amendment limited the freeze by stipulating that the subsequent arms reductions must be achieved "within a reasonable specified period of time" set by the U.S. and Soviet negotiators.

The resolution's supporters claimed their position had been vindicated by the clear statement that the freeze should precede arms reductions, rather than vice versa, as President Ronald Reagan has insisted.

They dismissed the provision for a time limit as a mere "nuisance amendment," and claimed the vote represented a major blow to Mr Reagan's arms control policies.

On Wednesday, Mr Reagan described the country's growing freeze movement as counter-productive because it would halt further weapons production at a time of Soviet superiority and remove any incentive for Moscow to negotiate.

The House vote, while politically symbolic, is unlikely to have a major impact on Mr Reagan's policies. It faces an uncertain future in the Republican-led Senate, and would be vetoed by Mr Reagan if it passed Congress. It is in any case disputed how far it would be binding on Mr Reagan and his arms negotiators.

AP adds from Moscow: The Soviet Union yesterday applauded the House vote as a blow to the Reagan Administration's "militaristic course." The official news agency Tass said the House "has actually given a vote of no confidence in the Reagan Administration's course of escalating the nuclear arms race."

Pershing funds approved

By Our U.S. Editor in Washington

THE U.S. Pershing 2 ballistic missile programme has cleared an important Congressional obstacle with agreement by a key House sub-committee to release previously blocked funds for its continued production.

The Pentagon said prospects for the missile's deployment in West Germany from the end of this year were now "looking good." The House and Senate still have to approve the release of the funds.

Nato plans to deploy U.S. cruise and Pershings in Western Europe as a counter to Soviet SS-20s, barring a breakthrough in the Geneva negotiations on intermediate-range missiles in Europe.

The House appropriations subcommittee on defence on Wednesday night approved all but $25m on the Pentagon's $478.6m request to keep the missile's production line running this year. The funds were held up by last December's "lame duck" Congress, on the grounds that the missile had yet to prove itself

For sound economic reasons, no-one wants the counter-revolutionaries back, writes **Hugh O'Shaughnessy**

Nicaraguan people rally to the Sandinistas

"DON'T ABANDON her, she needs you." The slogan, superimposed on an outline map of Nicaragua in the national colours of blue and white, makes an arresting poster. Issued by one of the Nicaraguan business organisations, it sums up the determination of many entrepreneurs not to be forced out of their country by the propagandists opposed to or in favour of the Left-wing Sandinista Government.

A decision to stay is as difficult as a decision to leave. "Here I have to put up with a lot of criticism because some people class me as a bourgeois. The businessmen who have gone off to Miami write to me, telling me I'm a traitor to stay on under the Sandinistas," remarked a highly successful retailer in Managua.

"I consider it my duty to stay where I was born, help out with the positive things this Government is doing and voice my criticism of what I don't think is right. I'm a Nicaraguan and I've got as much right to be here as anyone."

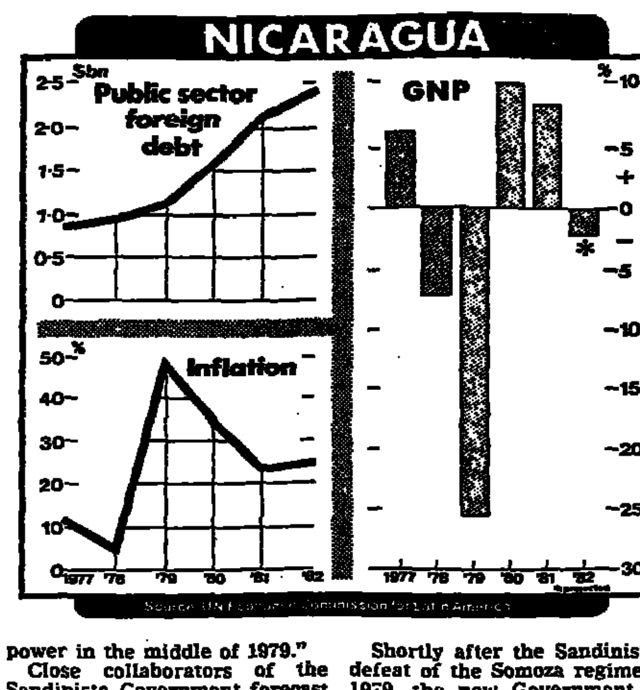
Despite a great deal of loose talk which portrays Nicaraguan society as a virtual carbon copy of Cuba and the Soviet Union, the Press kit issued by the U.S. embassy in Managua shows that 80 per cent of agriculture and 60 per cent of industry is still in the private sector.

The Sandinista Government shows every sign of sticking to its aim of trying to operate a mixed economy within a pluralistic political framework. There is no denying, however, that some businessmen's morale is very depressed, if only by the import restrictions imposed by a Government which is trying to finance a war against foreign-supported insurgents and facing a very severe foreign exchange squeeze at the same time.

Corn flakes, for instance are in very short supply, while the only Nicaraguan cigarette factory, Tabacalera Nicaragüense, owned by British American Tobacco, is having difficulty bringing in the filters for some of its brands. Cigarette supplies of all brands are spotty.

"I see the future outlook as black—and red," joked one business leader, referring to the party colours of the ruling Sandinista Front for National Liberation (FSLN).

The United Nations Economic Comission for Latin America (Ecla), in a draft report just issued, comments in clinical terms: "Economic difficulties have their effect on relations between government and the private sector because they strengthen the unwillingness of some entrepreneurs to accept the strategies of economic policy of the Government of National Reconstruction which assumed power in the middle of 1979."



Close collaborators of the Sandinista Government forecast that once the invasion of counter-revolutionaries across the northern and southern borders has been mastered, the Government will turn again to making peace with private investors, domestic and foreign.

Shortly after the Sandinistas' defeat of the Somoza regime in 1979, the new Government invited a group of foreign investment experts from the New York-based Council of the Americas to visit and sought their advice on the most equitable terms which could be offered to entrepreneurs from abroad.

The foreign investment law which was put together with their help has not yet been promulgated, but this is expected to happen as soon as the invasion is thoroughly under control.

"It wo'ld have been foolish to publish a law about foreign investment at a time when a state of war would have prevented any investor taking advantage of it," commented one of the Government's economic advisers. The law may be brought out at the same time as the long-promised law regulating elections in Nicaragua.

For its part, the Government has no doubts that the invasions will be overcome. The U.S.-sponsored counter-revolutionaries, who include many members of the National Guard of the former Somoza dictatorship, have ignited no spark of sympathy or enthusiasm among the mass of Nicaraguans.

Whatever criticisms there may be about the Sandinistas' domestic policies—and they are many—there cannot be more than a handful of Nicaraguans who would want a return of the Somoza dynasty or of its National Guard.

The hostility widely felt towards the National Guard is at the same time bolstered by the nationalistic feelings of Nicaraguans

Managua claims that 1,200 counter-revolutionaries have invaded Nicaragua across the northern border from Honduras and a further 700 over the southern border from Costa Rica.

It also claims that the U.S. government is backing the counter-revolutionaries, a claim that has been backed up by reliable reports in the U.S.

Describing the counter-revolutionaries as "freedom fighters," President Reagan said on Wednesday that the Sandinistas had reneged on promises to promote democracy and hold free elections. He endorsed the idea of giving aid to the counter-revolutionaries one day after the House intelligence committee had voted to ban the financing of U.S. involvement with them.

There are sound economic reasons for the loyalty of the majority of Nicaraguans to the Sandinistas. Though the economic outlook for the Government is sombre, its moves towards a redistribution of income have favoured the poorer strata of society.

The strategy of the Sandinista's opponents abroad appears to be to wear them down by military attack while pushing them further into dependence on the Soviet Union and its allies.

500 killed in rebel raids, says Managua

By Tim Coone in Managua

MORE THAN 500 Nicaraguans have been killed by right-wing guerrillas inside Nicaragua in the first four months of 1983, and their attacks have caused the equivalent of $58m (£36.7m) of damage, according to Commander Daniel Ortega, the head of Nicaragua's governing junta.

Speaking at the inauguration of the fourth legislative session of the country's council of state, Commander Ortega also said a chain of bills on the border between Nicaragua and Honduras, taken by an invading force of 1,200 counter-revolutionaries on April 30, had been recaptured

The Government has also admitted that Costa Rican based guerrillas, using powerful motor launches, have penetrated deep into Nicaragua by using the long navigable rivers

A Costa Rican mercenary prisoner, presented to a press conference by the Ministry of Interior, said Panamanians and North Americans were giving military training to the Costa Rican-based guerrillas.

Salvador amnesty rejected

LEFT-WING guerrillas in El Salvador have rejected a government amnesty that would free some political prisoners and allow rebels to give themselves up without fear of prosecution, AP reports from San Salvador.

The move is a "crude attempt to halt the collapse of the regime," a rebel radio broadcast said.

El Salvador's constituent assembly unanimously approved the amnesty on Wednesday, to take effect by May 12. An estimated 40 to 50 per cent of the 700 people jailed on political charges are expected to be eligible for amnesty.

Reactor to restart

General Public Utilities, owner of the crippled Three Mile Island nuclear power plant, near Harrisburg, Pennsylvania, has said it hopes to restart one of the plant's reactors later this year, perhaps by July, AP reports from New Jersey.

The U.S. Supreme Court removed a major obstacle to restarting a reactor when it ruled in April that GPU would not have to ascertain the psychological effects that a restart would have on residents near the plant.

Satellite delayed

Plans to launch a $100m communications satellite in August have been postponed until experts understand what went wrong with the April launch of a sister satellite, National Aeronautics and Space Administration officials say, AP reports from Houston.

A tracking and data relay satellite that had been scheduled for launch on the eighth space shuttle flight will now be launched on a later mission. A similar satellite carried into space by the space shuttle Challenger last month went off course.

Libyan arms shipment

Brazil will return a shipment of Libyan arms, intercepted on April 16 en route to Nicaragua, by sea after attempts to arrange air transport failed, a Brazilian Air Ministry official said late on Wednesday, Reuter reports from Brasilia.

The 52 tonnes of arms and explosives being held at Manaus and Recife airports in northern Brazil will be flown in Brazilian planes to Rio de Janeiro and put on a ship there.

Curbs proposed on U.S. banks' foreign lending

BY WILLIAM HALL IN NEW YORK

U.S. BANKS will have to set aside special reserves on international loans and face strict curbs on their foreign lending under proposals being considered by the U.S. House of Representative's banking committee.

The possiblity that U.S. banks will soon face much tougher controls on their international lending took an important step forward yesterday with the introduction of a Bill – the International Recovery and Financial Stability Act of 1983 – by Congressman Fernand St Germain, chairman of the House of Representatives banking committee.

The Bill was supported by the senior Republican on the committee, which indicates that it has a broad measure of support.

The tougher controls on U.S. bank overseas lending have been attached to a Bill going through Congress which will increase the U.S. contribution to the International Monetary Fund by $8.4bn.

The main proposals are:

- Banks will have to set up special reserves on international loans where there is a likelihood that debt cannot be repaid in accordance with original terms or without additional borrowing.
- Additional reserves will be required where there is a protracted failure by foreign borrowers to meet payment schedules.
- Additional disclosure requirements are made plus a request that supervisors take foreign exposure into account when setting capital adequacy of a bank.

WORLD TRADE NEWS

OECD to take up U.S.-Europe dispute over export controls

BY CHRISTIAN TYLER IN LONDON AND NANCY DUNNE IN WASHINGTON

A SOURCE of discord between the U.S. and its European allies may have been removed from the agenda of the seven-nation economic summit meeting in Williamsburg, Virginia, at the end of this month.

European governments, led by the British, have succeeded in getting the thorny question of the extraterritorial reach of U.S. export controls taken up by the OECD committee on investment and multinational enterprises.

The controversy became a major diplomatic issue because of U.S. sanctions against the Siberian gas pipeline to Europe last year and has been revived by President Ronald Reagan's Bill for renewing the U.S. Export Administration Act of 1979.

Now a working party of the Paris-based OECD committee, which includes the U.S. is to consider the general implications for overseas investment of such jurisdictional disputes. It will report to its parent committee in September, about the time the U.S. Act is due to expire.

British officials see the OECD decision as a helpful if not final stage in their campaign against the U.S. President's proposals. They believe the commercial arguments against interference in the business of subsidiaries incorporated abroad may be more telling that the legal objections unsuccessfully deployed up to now.

Meanwhile in Washington, a House subcommittee yesterday *completed its amendments to* the Bill, considerably weakening many of the key provisions sought by the Administration.

However it included in the legislation two provisions likely to still cause Europeans deep concern.

● One would allow the President to impose import restrictions on any company violating national security controls which the U.S. maintains co-operatively with the Cocom countries. This provision gives the President something of what he wants—import controls—but it limits its application to rules agreed upon with the Cocom countries.

● A second would close loopholes to exporters who seek to bypass Government restrictions.

*In other areas, the subcom*mittee, under pressure from U.S. business, rebuffed the President. The Bill provides contract sanctity for the life of a contract, rather than 270 days as asked for by the Administration.

In an effort to streamline the cumbersome licensing process, the legislation decontrols exports of goods to U.S. allies.

While there may be changes, the legislation is likely to pass the House in something like its current diluted form. The Administration appears to be faring better in the Senate, where Senator John Heinz has introduced a Bill much like the House legislation, but a strong contender is a more "security conscious" Bill introduced by House Banking Committee chairman Jake Garn.

In London, the British have made it plain that if President Reagan presses too hard at Williamsburg on the subject of East-West trade, Mrs Margaret Thatcher, the British Prime Minister, and other European heads of government may voice their distaste with the methods—including extraterritorial control—that the President is proposing.

But further evidence that the U.S. does not want to make this a major item on the Williamsburg agenda was provided this week by Mr John Louis, U.S. *Ambassador in London.* He told a City audience that a co-ordinated programme for East-West economic ties would in U.S. eyes be subordinated to discussion of the international financial and monetary system and free trade.

He declared that the U.S. did not want to "freeze commercial and financial ties with the Communist countries." Nor did it want "economic warfare."

SYSTEM SOLD IN BRAZIL AND KUWAIT

Matra's Third World hopes for videotex

BY DAVID MARSH IN PARIS

SR X, a 45-year-old middle manager with nine years' experience with the Brazilian subsidiary of a multinational company in Sao Paulo, is looking for a job. He punches out his curriculum vitae and work *requirements on an electronic* keyboard, inserting his personal "work wanted" advertisement on TV screens in businesses around the city — and sits back to wait for the telephone to ring.

That at least is one of the ideas behind a sophisticated videotex system which Matra, the diversified French arms and electronics company, is pioneering in Brazil's industrial capital.

Matra, which has also sold a videotex system to Kuwait and is exploring similar projects in several other developing countries, sees the Brazilian scheme as giving it a key shop window for selling advanced electronics to the Third World.

The *Sao Paulo* pilot system links up subscribers in homes and companies to data bases providing information on everything from exchange rates and share prices to theatre programmes and sauna baths.

One of the features is a "videojob" display which attempts to match up job offers and demands from people linked with the electronic terminals.

The scheme was officially inaugurated at the end of the month when the number of subscribers passed the 1,000 mark. With 60 institutions, including around 30 banks and several newspapers and TV stations, wired up to provide services and information, the number of subscribers receiving the transmissions is due to reach 1,500 later this year.

The Kuwait project, due to become operational this autumn, will provide services for 1,300 subscribers in both Arabic and English.

Matra, which has already made a big effort to invade the U.S. videotex market is also negotiating with several other countries in Latin America and the Middle East on similar prospects. Matra says the initial value of the Brazilian and Kuwaiti contracts is relatively small. The Kuwait order was won on competitive pricing against rival bids from four *other countries including* Britain's Prestel system.

"The important feature," according to one Matra executive, "is that these type of experiments give us a way of entering the world market, and developing future projects in a lot of other countries."

In the Brazilian scheme, run in collaboration with Telesp, the Sao Paulo telecommunications authority, Matra provides the terminals. The national computer company CII Honeywell Bull supplies the central computer and the French specialised programming company Steria provides software expertise.

The Sao Paulo scheme is modelled on France's own pilot Teletel videotex system being pioneered in Velizy south of Paris, where a total of 3,000 terminals have been installed up to now. But it has some more advanced technical features, and is geared much more to professional and business use than the Velizy system.

Thomson-Brandt, one of the other major electronics groups, is also making strong efforts to export videotex systems.

Dutch not to stop S. African oil

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH Government has confirmed it is not to impose a unilateral oil embargo on South Africa. Mr Hans van den Broek, the Foreign Minister, told MPs in the Hague that the most that could be attempted was a limitation of Dutch investment in South Africa in accordance with guidelines laid down by the International Labour Organisation.

A recent report drawn up by senior government officials concluded that unilateral sanctions would only serve to harm Dutch interests while not cutting off South Africa *from its* oil supplies. Only multi-lateral action could be expected to succeed.

The Netherlands, through Royal Dutch/Shell and two smaller oil companies, is allegedly one of South Africa's main sources of oil, much of it supplied through Rotterdam and the Dutch Antilles.

AP-DJ adds: Philips' Telecommunicatie Industrie, a unit of the Dutch multinational, said it has received an order valued at about Fl 40m (£9m) from the Indian PTT for the supply of 25 mobile computer-operated telephone exchanges. The project will extend the existing telephone network to cover smaller towns, Philips said. The exchanges, type PRX/A, are housed in mobile containers and will not need any buildings and they can be readily installed and linked to the existing network.

AMC signs joint venture to build Jeeps in China

BY MARK BAKER IN PEKING

AMERICAN MOTORS Corporation hopes to win a substantial share of the booming Asian market for four-wheel-drive vehicles after signing contracts today for a $51m joint venture with the Chinese Government. The deal was forecast by an AMC announcement earlier in the week.

Under the deal, AMC will take over the management of the Peking Automotive Works's four-wheel-drive plant, streamline production of the existing Chinese model and eventually switch to new lines of vehicles based on the Jeep.

AMC's chairman, Mr Paul Tippett, said the company wanted to use the joint venture as a base to break Japan's stranglehold on the rapidly-expanding Asian market for four-wheel-drives.

"This will provide us with a base to compete with Japan. It will permit us to be substantialy more competitive," he said.

He said that Japan now controlled about 97 per cent of the market and AMC had found it difficult to compete with its U.S.-built Jeeps, particularly because of high transport costs.

The joint venture is the first to reach the contract stage in the automotive field and one of the biggest of more than 80 joint ventures so far agreed between Chinese and foreign companies.

AMC will have an initial equity of 31.3 per cent in the Beijing Jeep Corporation which will take over the running of the Peking Automotive Work's plant, currently manufacturing about 20,000 four-wheel-drives a year.

Kuwait fertiliser loan

KUWAIT — Kuwait has agreed to lend China $45.8m to help finance a fertiliser plant in Urumqi in China's northwest Sinkiang province. The Urumqi plant, designed to produce urea and 1,000 tons of ammonia daily, is to be completed in 1985.

The loan was one of several announced by the Kuwait Fund for Arab Economic Development (Kfaed).

Senegal received a loan of $21m for a fertiliser project and a $10m loan for a portable water project and a grant of $17m to develop a second water project.

Cyprus received a loan of $8m to complete the Limassol road project, and Upper Volta a $14m loan for a road project. AP-DJ

Poland to lay Soviet gas pipelines

By Christopher Bobinski in Warsaw

POLAND will build 427 km of natural gas pipelines in the Soviet Union in the years 1983 to 1985 worth 181.5m transferable roubles (£162m), an agreement recently signed in Moscow says.

The pipelines are to vary from 530 mm to 1,420 mm and the contract is also for pumping stations and the accompanying construction work.

Poland will also be able to import an extra 2bn cu m of Soviet natural gas in these three years above existing agreements as a result of the work.

Poland is looking for natural gas imports of between 9bn and 10bn cu m in the year 1990 compared to Soviet natural gas deliveries of 6bn cu m this year.

The Russians have made it clear Poland must participate in their pipeline construction programme in the second half of the decade if supplies are to reach this level, and talks are continuing.

● Nuovo Pignone, a part of Italy's Eni group, has won a £4.3m contract to supply the Sabah Energy Corporation and Sabah Shell Petroleum of Malaysia with compressor units for natural gas reinjection

Swiss suffer decline in tourism

By Anthony McDermott in Montreux

AFTER A record year in 1981, Swiss tourism suffered a fall in net income of 10 per cent last year. Nights spent by tourists fell by just over 3 per cent.

Presenting these figures, Swiss National Tourist Office president, M Jean-Jacques Cevey, said in an interview yesterday that he expected this year to be "as good as 1982 or slightly better."

The total tourist balance—the difference between Swiss spending abroad and tourist expenditure in Switzerland—rose by 3.1 per cent from SwFr 13.1bn (£4bn) to SwFr 13.5bn in 1982.

But within this, spending by tourists (and this includes businessmen) in Switzerland hardly changed from SwFr 7.84bn in 1981 to SwFr 7.8bn last year. Swiss spending abroad rose over the same period by 4.6 per cent from SwFr 5.26bn to SwFr 5.5bn. The consequent surplus—which covered over 40 per cent of the country's trade deficit of SwFr 5.4bn in 1982—fell by 10.9 per cent from SwFr 2.58bn to SwFr 2.3bn.

Tourist nights fell by 3.3 per cent from 79.07m in 1981 to 76.5m last year

£30m U.S. plant to use Irish forest thinnings

BY BRENDAN KEENAN IN DUBLIN

A £30M PROJECT nearing completion in County Tipperary could add £20m to Ireland's annual export earnings and develop new European markets for a product which has, until now, largely been confined to the U.S.

Multi-density-fibreboard (MDF) is a high-quality timber substitute which, though made from wood chips, can be sawn and machined like wood, without the disadvantages familiar to every handyman of splitting and knots.

It has been a spectacular success in the U.S., where the market for MDF grew by over 20 per cent *per annum during* the 1970s and is expected to increase threefold by the end of the decade.

Western Europe has been slower to adopt MDF, which is used mostly in furniture making and joinery. Current estimates value the European market at £50m per year and this is expected to double in the next ten years.

The product was identified by Ireland's Industrial Development Authority (IDA) as a promising vehicle for the use of thinnings from Irish state forests. These were planted after the war and the semi-mature trees must now be thinned, which means output from the forests will double by 1990.

The general pulpwood market has been depressed since 1974 but the IDA believes the MDF can beat the trend. They made a deal with the Medford Corporation of Oregon, whose sales of MDF came to over $20m in 1981.

Medford are building an MDF plant in Clonmel, Tipperary. The IDA is investing some I£15m and hopes that 400 jobs will be provided supplying the plant with logs.

Medford executives are concerned about ensuring a steady flow of logs from the dozen or so suppliers in the various forests.

They also have to persuade the Irish Forestry Department, which has spent 40 years planting trees, to adjust to the task of chopping them down. "Trees grow so quickly in Ireland," says one Medford man, "that some of these guys were involved in planting the seedlings. They're emotionally attracted to them."

Medford already exports a quarter of its MDF production and hopes to sell most of the Clonmel production to new markets in Europe. Initially, it may send up to 60 per cent of the output to the U.S.

BTR go-ahead but block on Johnson bids

BY RAY MAUGHAN

The Department of Trade yesterday officially cleared the £600m bid by BTR for Thomas Tilling, the industrial holding company, but accepted a Monopolies Commission finding that both the competing bids for Johnson Group Cleaners, Britain's largest dry cleaning operation, should be blocked.

The Department also took the unusual step of giving advance notice of the publication date of a Monopolies probe into a third merger, the contested £75m bid by Linfood Holdings for Fitch Lovell.

BTR is free to pursue the biggest industrial takeover in UK corporate history, and its offer reaches its first closing date next Tuesday.

Tilling's shares, however, reacted to the profits forecast of £95m for the current year and for the first time in this contest stand at a premium to the value of BTR's equity terms. These were worth 204p per Tilling share last night against a market price of 211p, up 21p. BTR has already acquired just over 9 per cent of Tilling.

The Monopolies Commission advised, after an extended investigation, that the proposed acquisition of Johnson by either Initial or Sunlight Service Group would increase concentration and reduce competition in the whole of the £480m textile maintenance market.

Warning has also been given that the Monopolies report into the £75m offer for Fitch Lovell, the food manufacturing and wholesale group, by Linfood will be published next Thursday. This deal is exceptional in that Fitch has conditionally agreed to sell its principal retailing chain, Key Markets, to Safeway Food Stores for £34.8m.

That agreement was struck last week, subject to a clearance from the Office of Fair Trading and its shareholders,' approval on May 20.

1,000 jobs to go at Black and Decker

By Richard Lambert in New York

BLACK & DECKER, the U.S. toolmaker, is to close its plant at Harmondsworth in England with the loss of 630 jobs and another plant at Kildare, Ireland, which has 270 employees. With ancillary workers, the moves will cost about 1,000 jobs.

Production at the Harmondsworth factory, which makes power tools mainly for the professional market, will be shifted to Spennymoor, County Durham, which will become the group's only major manufacturing site in the UK.

The Kildare plant manufactures the Workmate workbench for the European market. Production will be shifted to other locations, mainly in North America.

Black and Decker's European sales last year totalled $543m, compared with $500m in the U.S.

Last month, the group reported earnings from continuing operations down by 28 per cent to $13m in the second quarter of the current financial year, and in the 12 months to last September, it lost $76.6m

Treasury to open up financial futures for pension funds

BY CHARLES BATCHELOR

THE TREASURY has cleared the way for pension funds to play a more active role in the seven-month-old London International Financial Futures Exchange (Liffe).

Mr Leon Brittan, Chief Secretary at the Treasury, told the House of Commons yesterday that a new clause would be added to the Finance Bill bringing the tax treatment of financial futures transactions into line with other pension fund investments.

A financial futures contract is an agreement to buy or sell a standard quantity of a specific financial instrument, such as a Eurodollar deposit or an amount of foreign currency, at a future date and at an agreed price.

Inland Revenue restrictions have hampered a number of investment institutions from participating more actively in financial futures, and have slowed the growth of the market.

Pension funds have in the past been able to claim exemption from tax on financial futures dealings only if they took delivery of the contract, although in normal trading very few contracts come to delivery.

Mr George Dennis, director of securities investment for Postel, the Post Office pension fund, and chairman of the National Association of Pension Funds committee which lobbied for change, said: "We are very pleased we will be given the same treatment on both the cash and futures markets. This is a big step forward."

He forecast that the change would allow pension funds, which manage £75bn-£80bn worth of funds, to start out by arbitraging the cash and futures markets. They would then trade on Liffe through professional intermediaries such as the banks, and finally the more sophisticated funds would set up their own financial futures operations.

Mr Michael Jenkins, chief executive of Liffe, said: "We are very pleased, but the immediate effect will be negligible. Pension funds will have a greater incentive to use the market, but I don't think anyone will rush in."

Unions and Labour tune up for election

By John Lloyd and Philip Bassett

LABOUR PARTY and union leaders are expected to agree today that the major themes of Labour's election campaigning will include the need to redistribute wealth, the recreation of social consensus and the strengthening of the role of trade unions.

A conference, to be held in London over two days, will bring together all the leading figures in the unions, the parliamentary Labour Party and the national executive for the first time since the last general election. Its object is seen as clearing the decks for a mighty push to convince a doubting electorate of the credibility of Labour's alternatives to present Government policies.

The Trade Unions for Labour Victory organisation, which called the conference, is to put itself and its funds at Labour's disposal for the election, probably under a unified command.

BP reveals £31m outstanding in cheap loans to employees

BY ALISON HOGAN

BRITISH PETROLEUM has £31m of loans outstanding to employees who have taken the opportunity of borrowing the money at generous interest rates of 3 per cent, well below market levels.

Some 2,950 employees have used the facility which was introduced when the last government imposed a wage freeze on incomes in excess of £8,500 a year.

Employees must have worked for BP for 10 years before they become eligible for a loan, which since 1981 has been limited to a maximum of £10,000.

Before that, the figure was up to the value of one year's salary.

BP directors are excluded from the scheme. They have to pay an interest charge of 12 per cent, down from 15 per cent nine months ago.

Mr Peter Walters, chairman of BP told anxious shareholders at yesterday's annual general meeting that the total of loans outstanding was coming down slightly each year.

He refused to say how much the company lost through the uneconomic interest rates charged for the loans.

"We do not see it as a cost to the company," he said. The loans were introduced as a way of maintaining the quality of management.

When the pay freeze was introduced, employees were brought under considerable economic strain and could get a salary increase only by moving jobs to another company, he added.

Last year BP's salary bill increased by 24 per cent, mainly a result of the cost of paying 50,000 U.S. employees at a higher dollar/sterling rate. Mr Walters said the real rate in the UK was 8½ per cent, which was mid range for the high technology sector that BP was in.

British banks who have traditionally given cheap loans to employees have no figures available on the level of lending to their staff.

ICI, one of largest UK companies, has no cheap loan scheme available to employees.

Gas sufficiency hopes raised, Page 8

Hunt assets frozen by High Court order

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

WIDE-RANGING orders designed to trace, freeze and then retrieve the assets of companies in the empire of Mr Keith Hunt, the Warwick investment manager who disappeared last week, were made in the High Court yesterday.

Among those affected by the orders are four banks and 61 UK and offshore "investment companies," all of which are believed to be holding Hunt company assets.

The orders were made on applications by the Official Receiver, the court-appointed provisional liquidator of Exchange Securities & Commodities and five other Hunt companies facing winding-up petitions from the Department of Trade.

Mr Hunt – who, the court was told, had not been traced despite intensive inquiries – and 20 other companies associated with him were ordered not to remove any of their assets out of, or deal with them within, the jurisdiction, without the Official Receiver's consent.

A similar freeze was imposed on Hunt assets held by the National Westminster, Midland and Lloyds Banks, the Banque Du Rhône Et De La Tamise, and the 61 "investment companies," which were not named in court.

The 61, some said to be "household names," include commodity brokers and dealers, investment banks and stockbrokers based in the UK, Hong Kong, the Isle of Man, the Channel Isles and the Cayman Islands.

The assets they are believed to hold include cash and share and unit-trust certificates, Mr Philip Heslop, for the Official Receiver, told Mr Justice Harman.

He said a two-stage move was envisaged – first to locate and freeze Hunt assets worldwide, then to retrieve those belonging to the six plaintiff companies.

Mr Hunt, the defendant companies, the banks and the "investment companies" were also ordered to produce all documents relating to the affairs of Hunt companies.

An order first made a week ago, permitting the Official Receiver to search six offices in Warwick, Leamington Spa and London and seize relevant documents, was extended to include any other premises found to be connected with Hunt companies.

Mr Heslop said 21 more premises had already been discovered as a result of the "search and seize" order, and there was reason to believe that there were others.

The judge appointed the Official Receiver as receiver and manager of four of the defendant companies.

Mr Edward Bannister, for Mr Hunt's co-directors of three of the four – Exchange Securities Investment Management, Exchange Securities International and Exchange Securities Financial Services – said they welcomed such a move.

He emphasised that there was no suggestion of improper conduct on the part of the directors he represented. The judge said that "in a matter like this" it was important that that should be made clear.

Mr Bannister said they were concerned that the matter should be dealt with as thoroughly and expertly as possible, with the continuing stream of customer inquiries being handled by the Official Receiver.

Mr Heslop said that where substantial sums of money belonging to the public might have been misappropriated, it was important to have experienced people in the saddle, protecting and preserving assets.

The orders will remain in force until a further court order, or, in the case of the "search and seize" orders, until they have served their purpose.

The empire that never was, Page 18

Bank governor warns building societies

BY MARGARET HUGHES

LORD RICHARDSON, Governor of the Bank of England, yesterday warned the Building Societies Association of the possible dangers of undermining public confidence if the societies become more directly involved in the banking business.

Speaking to the Association's annual conference, Lord Richardson pointed to the "very special confidence" which the public places in the movement which, he said, could be affected by any rapid and wide ranging diversification by only a few societies. He cautioned that the pace and direction of change should not undermine this confidence.

Equally important, wider diversification would in all probability bring into even sharper focus the questions now being asked about the accountability of the societies' boards of directors. Another critical question would be the call for wider ranging and rather different forms of prudential control both within the society and by the Registry. Experience in the banking sector, he elaborated, strongly suggests that as societies broadened their activities, their prudential supervision would need to become increasingly positive.

Commenting on the recently published Spalding Report, Lord Richardson said he was "no opponent of change" but added that the report "raised a number of important questions."

Lord Richardson pointed out that some of the recommendations of the Spalding Report, if adopted, would bring societies into new activities of higher risk. They would also involve them, albeit through special subsidiaries, into activities governed by statutes other than the Building Societies Act and by supervisors other than the Chief Registrar of Friendly Societies. Any bank or licensed deposit taker owned by a society would, under the Banking Act, be supervised by the Bank of England, which carried wider implications than had been set out in the report.

In particular, the Bank would require the parent company to provide fuller support than required by the limited liability law for any subsidiary "in need."

ADVERTISEMENT

COMMUNICATIONS IN BUSINESS AND SOCIETY

Canon: Right Product, Right Price, Right Time

By Geoffrey Murray

Canon has grown in recent years through an emphasis on providing the right equipment at the right price at the right time. Its traditionally strong base has been cameras, which it started manufacturing in 1935. In 1976 it introduced the first 'Microchip' camera (AE-1) and from then the 35mm camera changed dramatically to what it is today—a highly sophisticated piece of electronic equipment—but simple to use. In recent years, the company has moved strongly into business machines. Its first business equipment—microfilm—was introduced as far back as 1959, but now it is recognised as a brand leader in the plain paper copier market and it is broadening its base into other business equipment—such as the recently introduced 16 bit computer and what Canon claims is the world's smallest facsimile for the businessman on the run. Only a year ago it entered the electronic typewriter field, and in that space of time, Canon has become the fourth most popular maker, according to a U.K. dealer's rating. All these activities are carried out under the umbrella of Canon (U.K.) Ltd.

Murray: What is the corporate and operational structure of Canon (UK) Ltd?

Yamashita: Canon cameras were sold through an independent distributor until 1982 when the Camera Division of Canon (UK) was formed. Canon Business Machines, based at Croydon, was formed in 1976 and became the business machines division of Canon (UK) at the start of 1982. The company has grown immensely in the past six years. Last year we had a turnover of 59 million pounds.

Murray: Do you regard yourself now as a British company?

Yamashita: We now employ about 600 British staff. That represents 99 per cent of the work force, so we certainly regard our-selves as British. The Japanese presence is minimal, because it is company policy to leave the management to the people best equipped to know their own market requirements. We are constantly moving towards a closer identification with Britain. This is reflected partly in our advertising, but we are becoming more and more active in the area of sponsorship. We have been active in show jumping and motor sports in the U.K., as well as athletics and soccer. We have also become involved in charities and in promotion of the Arts. These programmes are designed to show that we do care and want to help, as well as developing a better understanding of Canon.

Murray: What sort of corporate image are you trying to project?

Yamashita: I don't think this is something we necessarily want to stress. Very often, corporate images evolve as a result of the particular behaviour of a company in society. One of our stated aims, however, is to become a "Blue Chip Company by 1989," and our management, production and marketing policies are all geared to achieving this. But in striving to reach our goals, we are very conscious of the need for care and consideration of others. We make great efforts in all our activities to present an image of a caring company, not only to the staff and customers but to the world at large.

Talking solves problems

Murray: Do you have any problem marrying Japanese and Western business concepts into a successful local operation?

Yamashita: The basic business concepts really are not that much different. We are trying to identify market requirements and maximise our efforts to meet those requirements, which is a pretty basic business maxim throughout the world. Problems can occur, of course, due to differences in individual customs and cultural practices. We don't believe there is any particularly right or wrong way in either set of cultural customs, and at Canon we strive to compromise in the interests of working harmony. Of course, there are internal differences. Doing things in the short term to benefit Canon (UK) may not always fit in with the long-term viewpoint of Canon Inc. But, in fairness, we try to plan sensibly to overcome these difficulties. Reconciling differences is usually a matter of sensible communication. We don't write a lot of memos to each other...that is cold and unfriendly.....but we go and talk to each other, explaining our problems and looking for an amicable solution. Time spent doing this is time well spent.

Murray: What sort of effort do you put into developing good communications within the company at all levels?

Yamashita: We have strived to establish a coordinated network of responsible people able to communicate effectively with each other. We have regular management meetings, from which policy decisions are then disseminated to all staff within the head office and the product divisions at a regional level (we now have offices in Basingstoke, Birmingham, Bristol, Edinburgh, Glasgow, Leeds, Manchester and Southampton as well as London). At this stage, those staff — especially in the regions — have the opportunity to comment on management decisions, which are then reviewed to ensure all aspects of a particular policy have been considered. Again, I would stress that this is time well spent, because invariably a logical, well-balanced result emerges which can only benefit us in the long term. So, we do get a bottom-up reaction (to quote a popular Japanese expression), not only in relation to our own decisions but also with suggestions that are put into the system for consideration. There is a similar process between London and Tokyo. The head office will advise us on what they feel is the proper way to proceed on a given subject, but have great respect for the fact that we must have a superior knowledge on the local market. So, there is a very harmonious operation. I think this has been achieved by giving people authority and responsibility. We have set up profit cost centres, whereby senior managers are responsible for their own expenditure and profit. They are able to make their own decisions on how money should be spent and can perform against their own targets and make changes if they become necessary.

Yukio Yamashita
Managing Director
Canon (U.K.) Ltd.

Murray: Have you experienced any particular difficulties?

Involve staff in everything

Yamashita: Not really; we have managed to overcome a lot of basic difficulties early on by giving people responsibility and respect. If there is one area which I did find confusing, I would say that it is the fact European management tended to manage from the top downwards whereas I had always been used to a more "democratic" system. Naturally, this is something that evolved over generations. But I do believe that to get the best from people you must encourage and involve them in all aspects of your business activities.

Murray: How do you motivate your staff to identify with the company's overall interests?

Yamashita: Motivation is an interesting word, because different things motivate different people. But we feel we have established a sense of identity within our staff because we have demonstrated a willingness to develop divisional and local management and have allowed to lead Canon to develop very much as a British company, striving all the time to involve everyone. Our aim is to make Canon a good company — not just financially but good from the viewpoint of human relations, caring for its staff etc. In the area of promotion, for example, we always first consider our existing staff rather than bringing in new people from outside. We want to provide our staff with the opportunity to receive incentives that will encourage loyalty and long service as in Japan.

Murray: How important is the role of education?

Yamashita: Training programmes are very important, and we have two basic systems for local staff. In Tokyo, we hold seminars twice a year to which overseas staff are invited. These are normally fairly small groups so that they can receive individual attention. The courses provide intensive study of the entire company structure, which is often very difficult to put over when staff are far removed from the company headquarters and manufacturing base. Then, we have established a training centre at Mitcham, which is now handling engineers and sales personnel but will eventually be expanded to provide training for the whole spectrum from junior staff just joining the company right though to senior management. Education in business is now of paramount importance. The days are gone when a salesman could knock on a door and close a sale. Today, we are serving a very sophisticated, well educated and discerning public with highly sophisticated equipment, and our staff must have the initiative, drive and the knowledge to work well in that environment.

Murray: Where does the Canon Marketing System fit into this?

Yamashita: Training is very much a part of the integrated Canon system of marketing, production, research and development.
The system is quite simple and, again, comes back to the responsibility of individual departments to cooperate with each other. Regular meetings between each segment of the system, enable a better appreciation of each other's difficulties and problems and enables the company to come to an overall rational solution.

Murray: Do you encourage your local staff to involve themselves in product improvement and input to R and D programmes?

Yamashita: Yes, they are becoming more and more involved in product development and improvement. Canon spends a great deal of time in R and D personnel visiting different markets around the world. This has become more and more important as our manufacturing base has diversified. We have manufacturing facilities in Europe and the United States as well as Japan, and it is essential that all these points receive good feedback on what is happening in every market. So, local input is vital, and we encourage it from everyone — sales, service and technical staff etc. This will become even more important in future.

Canon

CANON (U.K.) LTD.

HEAD OFFICE
Waddon House, Stafford Rd.,
Croydon CR9 4DD
Tel: (01) 680-7700

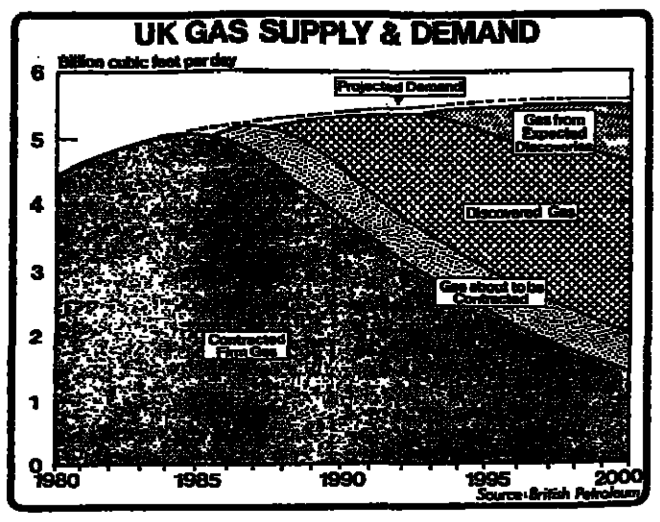
CAMERA DIVISION
Units 4&5, Brent Trading Centre,
North Circular Rd., Neasden,
London NW10 OJF Tel: (01) 459-1266

UK NEWS

BP boosts outlook on natural gas sufficiency

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM has produced evidence showing that there are sufficient natural gas reserves to meet the whole of Britain's needs until at least the turn of the century.



The projection – laid out in presentations to the Energy Department and British Gas – comes at a time when the Gas Corporation is competing vigorously for a large amount of fresh supplies from the Norwegian sector of the North Sea.

British Gas maintains that it will need deliveries from both the Norwegian and UK portions of the North Sea in order to meet demand in the late 1980s and 1990s. The corporation has made much of the fact that the UK's own gas reserves cannot be exploited quickly enough to fill the looming gap between supply and demand.

The extent of the potential shortfall is highlighted by BP's studies. These show that British Gas will need to find 12,000bn cubic feet of new supplies between now and the end of the century. That is roughly one-third of the amount of gas that the corporation is expected to sell over the period.

Without new supplies the shortfall will grow as existing supply contracts expire and the Gas Corporation's sales increase – from about 4.75bn cubic feet a day (cfd) at present to between 5bn and 6bn cfd in the 1990s.

This is the reason British Gas is now competing against other European gas interests for about 1bn cfd of new supplies from the large Norwegian Sleipner Field operated by Statoil, the Norwegian state oil corporation. Sleipner gas could transform the Gas Corporation's supply position.

Oil companies, which would like to see gas prices go even higher, are concerned *that their negotiating* leverage could be weakened if British Gas is successful in buying a large amount of fresh gas from Norway.

Furthermore, UK offshore operators are worried that they may have to sit on some of their unexploited fields until well into the next century when Sleipner supplies begin to tail off.

It has always been the Gas Corporation's policy – in the interest of supply security – to see UK reserves exploited gradually rather than in a short-lived rush. The corporation has already raised with the National Coal Board the possibility of building a series of coal gasification plants, starting in the 1990s, in order to eke out natural gas supplies.

But is British Gas being too cautious? Is it being too pessimistic about supply opportunities in the UK sector of the North Sea? British Petroleum's studies could throw new light on the subject, although the company would be the first to admit estimating reserves is an inexact science.

Even so, BP indicates that there *may be more UK gas available in* the next couple of decades than most of the other studies have shown. The company has identified 50,000bn cubic feet of recoverable new gas – two thirds in discoveries already made and one-third in undrilled geological prospects. These potential reserves are said to be evenly distributed between the southern, central and northern areas of the North Sea. Even more could be found in largely unexplored areas, such as the English Channel and west of Shetlands.

BP reckons that 35,000bn cubic feet of gas could be developed and transported to shore without the need for unrealistically high prices. And it concludes that it would be possible completely to fill the 12,000bn cubic feet supply shortfall up to the turn of the century with prices of between 20p and 30p a therm in 1983 money.

Although BP is more optimistic than most about the speed with which UK reserves could be exploited, its assessment of the amount of gas which might be available is in line with latest Government estimates. Figures published by the En*ergy Department last month put* the remaining recoverable gas reserves in the range of 30,000bn and 60,000bn cubic feet, sufficient to meet the current level of UK demand for 17 to 35 years.

Privately funded M-way link planned

TARMAC, the Wolverhampton-based construction industry group, is close to agreement with the West Midlands County Council on proposals for a £45m, privately funded public road linking Wolverhampton with the M6 motorway.

It said that merchant bankers Robert Fleming had put together a financial package to attract private investors to the scheme.

Mr Peter Puplett, group economist, who prepared Tarmac's original plans and assessments on the concept of private finance for public motorways in connection with the group's work on the Channel Tunnel, said the plan would open up prospects for work in an area which has one person in four unemployed.

He said the 10 kilometre route, from the A4123 Birmingham/Wolverhampton road just south of Wolverhampton, through the demolished Bilston steelworks to Junction 10 of the M6, was not even on the Transport Department's list of suspended trunk road projects.

Sports goods deal

NORTH FACE, an American company specialising in camping, skiing and mountaineering equipment, has signed an agreement with Black and Edgington, the Scottish-based camping and sports goods manufacturers to acquire certain assets of its subsidiary Vango Scotland, in a deal worth £850,000.

The U.S. company said the development was a logical extension of the "company's aggressive international expansion." A new company, North Face (Scotland), would be formed.

Woolworth recruit

F. W. WOOLWORTH, the stores group which has been strengthening its management team, yesterday announced the recruitment of another executive. Mr Colin Brown, who has been deputy managing director of the Dutch-owned Makro Stores Group, will join Woolworth as an executive director in mid-June.

Last week Mr Richard Harker of Asda was appointed to the board of the Woolworth group

Aveling jobs to go

AVELING BARFORD, a BL subsidiary which makes equipment for the construction industry, yesterday issued redundancy notices to 800 of its 1,100 workers at its Grantham, Lincolnshire, plant. Workers rejected a productivity deal which could have saved the jobs.

Mr Don Gossop, engineering union organiser at the plant, said the deal would have made the workers worse off.

£1.9m for armour suit

AN AMERICAN collector paid more than £1.9m yesterday for a suit of armour made for King Henry II of France by Giovanni Paolo Negroli, the 16th century Milanese armourer. The sale of arms and armour from Hever Castle, Kent, the property of Lord Astor, totalled £3.7m at Sotheby's in London.

More pottery jobs

ROYAL DOULTON, the Staffordshire pottery company, is taking on 100 workers to keep up with a recent upturn in business. The UK pottery industry has lost 20,000 jobs in the last five years.

Comet discovered

AN AMATEUR astronomer has discovered a large comet approaching the earth. Mr George Alcock, a retired schoolmaster, spotted the comet through binoculars at his home in Petersborough, Northants.

Gas blast claim against Shell is thrown out of England

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

JUDGES decided yesterday that Shell Internationale Petroleum Maatschappij cannot be sued in the English courts over a disaster at a liquefied gas plant in Qatar resulting in loss of life and damage exceeding $533m.

A claim against Shell by Qatar General Petroleum Corporation (QGPC) must be pursued in a Paris arbitration under the rules of the International Chamber of Commerce (ICC), London's Appeal Court ruled.

QGPC's appeal against a Commercial Court decision that an English writ could not be served on *Shell out of the jurisdiction* was dismissed with costs. QGPC was refused leave to appeal to the House of Lords.

Lord Justice Ackner said that in 1972 and 1973 Shell agreed to supervise the erection of a natural gas liquids plant by an English company, Whessoe, at Um Said in Qatar, and to operate it. The agreements were governed by Netherlands law and involved ICC arbitration of any disputes.

In 1976 there was a failure in a propane tank, costing $3,262,140. The following year the tank failed again. The judge said: "There was a terrible disaster, involving the total destruction of the plant and considerable loss of life. The losses are said to amount to $533,244,447."

QGPC issued a writ in the Commercial Court claiming damages from Whessoe and Shell. Shell refused to accept the writ.

QGPC contended that part of its claim against Shell was outside the scope of the arbitration *provision* and therefore should be dealt with in a court action.

Lord Justice Ackner said QGPC and Shell were committed to the Paris arbitration, due to begin in November. It was reasonable to assume it would be over before a judgment could be given in the English court action.

As the main issues would have been decided by the arbitrators, neither side would be entitled to dispute the arbitrators' factual findings in the English proceedings.

Even if those issues could be relitigated, it was not something to be encouraged, said the judge. The parties clearly contemplated finality on those issues being achieved by arbitration. Moreover, the claims were not connected with England, and English law was irrelevant.

The duplication and division of effort if the English proceedings were allowed to continue would place a heavy, if not intolerable, burden on Shell's advisers, without any countervailing advantage, the judge concluded.

Lord Justice Dillon said that, even if QGPC had claims outside the scope of the arbitration, they would, to a large extent, involve the same facts.

SDP sets airtime poll puzzle

By Peter Riddell, Political Editor

A MAJOR row is likely over the allocation of televisions and radio times between Britain's political parties during the General Election campaign.

Once the date of polling is announced, the committee on party political broadcasts, consisting of representatives from the broadcasting authorities and the main political parties, will meet to decide on allocation of broadcasting time.

The decision will *determine* not only the distribution of election broadcasts put out by the parties but also the allocation of "air time" of all television and radio programmes. This would, for example, affect the balance of time between the parties on the main television news programmes, which is regarded by the parties as of key importance in putting over their message.

The Social Democratic Party (SDP)/Liberal Alliance argues that it should have parity with the Conservatives and Labour. The latter want to retain the formula used in the 1979 election of a ratio of five broadcasts each for Conservatives and Labour and three for the Liberals.

The problem is that, while there is a statutory obligation to maintain a political balance, there are no formal guidelines on the allocation of broadcasts. The decision has in the past been made as a result of discussions between the parties, on the basis of support at the previous general election and of the number of candidates standing.

It is likely to be very hard to reach agreement this time. The broadcasting authorities may have to work out an allocation for the first time, and there is also a possibility of legal action. There has been similar wrangling over the allocation of ordinary party political broadcasts so far.

SDP and Liberal leaders argue that much has changed since the 1979 general election, in particular the formation of the Alliance, which is putting up candidates in every seat in Britain, and has a higher level of public support than the Liberals had on their own.

The Alliance has pointed out that in 13 parliamentary by elections since the formation of the SDP two years ago its candidates received 32 per cent of the vote, in total, compared with 30 per cent for the Conservatives and 32 per cent for Labour.

Consequently, the SDP and Liberals argue that it would be unfair and undemocratic for the Alliance to be allocated less than five broadcasts, the same as the Tories and Labour,

Thatcher says Polaris not for negotiation

BY KEVIN BROWN

MRS MARGARET THATCHER, the Prime Minister, yesterday flatly ruled out any disarmament negotiations on intermediate nuclear weapons which would include the British Polaris forces.

She welcomed in the House of Commons the latest offer by Mr Yuri Andropov, the Soviet leader, to negotiate about warheads rather than missiles as a step towards meeting Nato demands.

But she forcefully dismissed as an attempt to delude Western public opinion the Soviet leader's parallel insistence that British and French nuclear weapons should be included in the talks.

Mrs Thatcher was also scathing about the resolution adopted by the U.S. House of Representatives calling for a nuclear weapons freeze. That would simply freeze Soviet military superiority, she said.

Her statement echoed the view of Mr Caspar Weinberger, the U.S. Defence Secretary, that the Soviet Union might be trying to force the Intermediate Nuclear Force (INF) negotiations in Geneva into deadlock without appearing to be at fault. But her response to Mr Andropov's offer was condemned by Mr Michael Foot, the Labour leader, as "totally inadequate."

Cheered on by the few Labour MPs not out campaigning in local elections, Mr Foot said her statement came at the most critical time in the Geneva talks and could block the way to an agreement.

Mrs Thatcher said she had made it "perfectly clear" that the Polaris missiles could not be included in the INF negotiations.

Mr Foot demanded: "If it is possible for these matters to be discussed at the Strategic Arms Reduction Talks (on long-range missiles) why should it not be discussed at the INF talks if it would help them to succeed?"

Mrs Thatcher replied: "These are absolute last resort deterrents. They are already the absolute minimum to deter, and we cannot give up the absolute minimum without robbing this country of a very necessary part of our defence."

Assurances sought on reactor plan

By a Special Correspondent

LOCAL AUTHORITIES in Suffolk are calling for more explanations and more work from the Central Electricity Generating Board (CEGB) on the safety aspects for the proposed reactor at Sizewell, on the east coast of England.

The county and district authorities also want a change of design in the pressure vessel because of concern that all cracks cannot be detected by existing technology.

The CEGB was asked yesterday at the Sizewell public inquiry to provide an explanation of its calculations on the risk of a core meltdown – a risk which is claimed to be 50 times lower than previous studies have suggested.

The local authorities have employed a team led by Prof David Leslie, professor of nuclear engineering at the University of London, to study safety aspects of the proposed pressurised water reactor.

The authorities are not objecting in principle to a further nuclear plant at Sizewell, but want to be satisfied over safety and to ensure there will be minimum disturbance to the population and the local environment

Prof Leslie told the inquiry that the safety team was not satisfied that the consequences of errors by plant operators had been sufficiently taken into account.

Lloyd's syndicate faces £3m losses bill

By John Moore
City Correspondent

LLOYD's underwriting members who form an insurance syndicate, including Mr Lester Piggott, the jockey, have been warned that they are likely to have to pay at least £8,500 each to meet £3m losses.

The 98 members of the syndicate, most of whom do not work in the Lloyd's London insurance market but who pledge their private wealth to allow the market to function, were warned of the developments at the end of last month.

The syndicate affected by the losses is known as number 862 at Lloyd's and was, until the beginning of this year, managed by Oakeley Vaughan (Underwriting), the underwriting agent. Since then, the syndicate has been under the management of Robert Napier, another underwriting agent, after Oakeley Vaughan ceased to manage the affairs of underwriting syndicates at Lloyd's.

The syndicate specialised in aviation insurance business and in 1981 was the subject of an investigation by Lloyd's into its relationship with the *Lloyd's Oakeley Vaughan* broking company.

In the letter to underwriting members, Mr. Robert Napier, chairman of the Napier underwriting agency, has said that losses on the insurance activities of the syndicate "cannot be accurately assessed at this stage. In addition there is a very serious problem of delinquent security on the syndicate's outward reinsurances, so we consider that it is not possible at present to close the 1980 year of account."

The syndicate is having considerable difficulty in recovering money owed to it by reinsurers on reinsurance claims. Like all Lloyd's syndicates, syndicate 862 laid off part of its business with reinsurers to protect itself against onerous losses.

For individuals on the syndicate, the losses amount to £17,000 for each £10,000 of business they have accepted, and the underwriting agent is expected to ask for a cash call of 50 per cent of the losses – £8,500. Most members on the syndicate accepted more than £10,000 each of insurance business

Lloyd's action dropped, Page 11

هكذا من الأصل

100 BRIGHT IDEAS, EVERY ONE FOR FAR LESS THAN YOU MIGHT THINK.

Come to the IBM Spring Market and join engineers, scientists and accountants from all over Britain as they discover that IBM makes small computers as well as big ones. Mingle with DP managers, lawyers, personnel officers and other business people as they light upon small systems that are simple to operate; from sizes small enough to sit on a desk, up to intermediate systems; at prices that suit most budgets (and may well encourage one of the Financial Director's rare smiles). Just a breath of Spring air and you may well leap to one conclusion: that the time to have an IBM computer is *now!*

IBM

86

86th bright idea from IBM:
DEAR BUILDER,
Jot up a lightning increase in the estimate if the price of bricks goes up next week.
Come to the IBM Spring Market and find out how.

25

25th bright idea from IBM:
DEAR SECRETARY,
Discreetly brush up your boss's spelling, and don't fly off the handle when he makes yet another change in his document.
Send him to the IBM Spring Market to find out how.

46

46th bright idea from IBM:
DEAR PAYROLL MANAGER,
Have the complete payroll for 100 employees (gross, tax, National Insurance, pensions, holiday pay, bank transfers, cheques) done in 1 hour.
Come to the IBM Spring Market and find out how.

2

2nd bright idea from IBM:
DEAR DEPARTMENT HEADS,
Show your management that they can afford an IBM computer for you. Like an IBM Personal Computer for less than £ 3,000.
Come to the IBM Spring Market and find out more.

79

79th bright idea from IBM:
DEAR SUPERMARKET MANAGER,
Know exactly how many beans you've sold today, and make sure you're full of them tomorrow.
Come to the IBM Spring Market and find out how.

Please fill in the coupon or attach your business card. Then send to:

Amanda Tilley
IBM United Kingdom Limited
FREEPOST, The Quadrant, Richmond TW9 1BR (Telephone: 01-940 5656)

Dear Amanda, I would like to come to the IBM Spring Market. Please send me more information.

Name __________
Position __________
Company name __________
Address __________
Post Code __________
Tel.: __________

ST1

UK NEWS

Racal-Milgo is denied appeal in ruling over Codex patents

BY GUY DE JONQUIERES

THE HOUSE *of Lords* yesterday rejected a petition by Racal-Milgo, the UK data communications subsidiary of Racal Electronics, for leave to appeal against a court ruling that it had infringed patents belonging to Codex, part of the Motorola group of the U.S.

This decision means Racal-Milgo must pay Codex profits which it has made on the sale in Britain of 9600 high-speed modems. Racal launched the 9600 modem, which is used to connect computers to telephone lines, in Britain in the mid-1970s.

The exact sum involved is not known. Racal said, however, that it would be required to pay Codex "some of the profit" and indicated that it did not expect the outcome of *the case to have any significant im*pact on its financial performance.

It said it had already started negotiations with Codex for a licence to use the patented invention involved in the dispute, and that talks would continue next week. Codex had told the House of Lords that it would grant licences on a non-discriminatory, non-exclusive basis and on reasonable conditions.

Racal-Milgo said that there should be "little interruption" to its supply of 9600 modems, and that customers which had bought or leased the products would have no problems using or maintaining them.

Codex would not comment on the likely impact of the case.

Oil trade centre planned for Aberdeen

MARK MEREDITH explains why Scotland's oil city needs a market place for British companies

AN OIL trade centre has been proposed for Aberdeen, to promote British companies in the largely foreign-dominated offshore industries.

The plan originates from private sector companies and several senior British executives of American and foreign companies in the City worried by the lack of a substantial impact by UK companies in the sector, which spends possibly £5bn in exploration, development and operating activity.

The trade centre would be a market place for companies to sell onshore and offshore services and for offshore operators to find new resources.

American oil companies have provided the backbone to UK offshore oil developments and many have set up UK subsidiaries to handle their North Sea operations. The proportion of British workers in these subsidiaries has risen constantly during the past 10 years.

Foreign companies are needed but there has been a nagging concern among Aberdeen offshore support companies about the extent of real UK development in this highly competitive and lucrative sector.

"We are not really the ringmasters in our own circus," said one of the organisers.

The backers have a particular interest in small companies with specialist off-shore technology developments, which traditionally have found it difficult to break into the UK off-shore market because of the lack of marketing experience and to a certain extent because of reluctance by big oil companies to move away from tried and tested systems.

A draft of the proposal, which is supported by several private and public sector institutions, suggests that the centre *should* be run on commercial lines offering marketing information, consultancy services, broking for joint ventures and agency link-ups, financial advice, a library, and a place for making contacts and co-ordinating trade missions.

British offshore industrialists in Aberdeen fear that, as new oil developments start overseas, there will be insufficient exportable oil technology from Britain.

They point to real gains that need to be made in areas such as underwater technology, diving systems, sonar drilling rigs, surveying, technology supply and diving support vessels and rowing equipment.

The Energy Department's Glasgow-based offshore supply office is trying to encourage UK participation offshore, and in its annual report published this month showed that 73 per cent of the £2.26bn in orders reported by offshore operators and oil and gas development went to the UK. This figure, however, includes the UK-based foreign companies.

The offshore industry now employs directly and indirectly between 80,000 and 100,000 people

Report challenges gloomy forecast for Scottish steel plant

BY JOHN LLOYD, LABOUR EDITOR

A SERIOUS challenge to the British Steel Corporation's (BSC) projections of steel demand over the next few years has been mounted by Strathclyde Regional Council, aimed at making a case for the preservation of Ravenscraig as one of Britain's five integrated steelworks.

The council's report is based on a study carried out by Cambridge Econometrics, the commercial wing of Cambridge University's Department of Applied Economics. The group is unique among forecasting and consultancy groups in providing a disaggregated analysis of the UK economy, down to individual industries.

The report, launched yesterday by a group of Labour spokesmen and regional councillors, is understood to be the first of its kind to challenge nationalised industries' projections.

The main finding of the report is that the projections of steel demand given by BSC to the House of Commons Industry and Trade Committee in January are too low, even assuming a continuation of present policies. These policies – which the Cambridge group takes as its "base case" – would produce a modest rise in output, to a level 7.5 per cent below that achieved in 1979, but would produce no fall in unemployment.

The base case figures for steel output for the three years from 1983-84 to 1985-86 are 12.7m tonnes, 12.9m tonnes and 13m tonnes respectively, compared with the BSC forecasts for those years of 11.9m tonnes, 12.5m tonnes and 11.7m tonnes. Thus in 1985-86, the two forecasts diverge by 1.3m tonnes.

On projections assuming a rise in demand based on lower exchange rates, the Cambridge group forecasts output in these years as (in Case A) 13m tonnes, 13.7m tonnes and 13.9m tonnes; and (in Case B) 13m tonnes, 13.5m tonnes and 13.5m tonnes.

Mr Bruce Millan, the shadow Scottish Secretary, said: "The moral of all this is that it is absolute folly for the Government to base policy on figures which this study shows to be unrealistic and wholly pessimistic."

Australia connection poses cars question

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CARS BUILT by the Australian subsidiary of Mitsubishi of Japan go on sale in Britain today with at least one important question unanswered: Who put up the money?

Some £200,000 has been provided to start the business. According to Mr Michael Orr, who heads the import company, it has been put up by people in the motor trade who have "offshore" funds but wish to remain anonymous. However, Mr Orr did volunteer that:

- Cash for the operation was being channelled through a company called Sigal, registered in the Isle of Man;
- Mitsubishi had no financial investment in Sigal;
- But the Australian suppliers had urged him to put in some cash and this had been done through his personal pension fund, MP Executive Pension Fund, which had taken a 5 per cent, or £10,000, stake in Sigal.

Mr Orr is also chairman of Colt Car, which imports Mitsubishi cars and commercial vehicles to Britain from Japan. The directors of Colt are among the highest paid in the business.

The Australian cars are on sale in Britain not as Mitsubishi models but bearing a Lonsdale badge – a name derived from the plant near Adelaide where they are produced.

Lonsdale Car Company, the distributor-importer, said last October that it expected to sign 140 dealers for the launch. However, about 70 dealers have been signed up. Mr Orr said yesterday that the objective was still to have 100 by the year-end.

The Lonsdale prices, which range from £5,699 for a 1.6 litre saloon to £8,300 for a 2.6 litre automatic estate, are roughly in line with comparable Ford prices.

Mr Orr insists that the Lonsdale cars have an 85 per cent Australian content and there can be no question of Japanese cars finding their way to Britain by the back door.

Treasury 'too remote from UK industry'

By John Elliott, Industrial Editor

A STRONG criticism of the Treasury for not paying enough attention to improving industrial performance has been made by Sir Peter Carey, who retired last Friday as permanent secretary of the Department of Industry.

He said that the Treasury took too short term a view of industry.

"It has often concentrated too much on control of expenditure in the short term and too little on optimising economic performance."

Sir Peter said it was remote from the market place and tended to lose sight of the impact of some of its macro-policies. This was a mistake because it ought to be concerned with optimising the performance of industry.

In an interview covering his career, Sir Peter complained that there was too little understanding in Britain of the importance of industry. This was especially prevalent in the Treasury where there was a "very deep ethos" over many years, which meant that it had not done enough with macro-policies to try to arrest Britain's industrial decline.

Sir Peter's outspoken remarks reflect tensions within Whitehall between the Treasury and other departments, which he described as a "love-hate" relationship. The remarks follow similar criticisms from a close colleague of Sir Peter, Sir Frank Cooper, who retired at the end of last year as the Defence Department permanent secretary.

Sir Frank said in a BBC Radio interview last month that Treasury officials lived "in an isolated world, a different world from the rest of humanity – and until you change this you are never really going to get an effective Treasury."

Sir Peter's remarks are directed more at the Treasury civil servants over a long period than at politicians or current Treasury officials. He acknowledged that under Sir Douglas Wass, who recently retired as Treasury permanent secretary, the position had improved.

He thought Mr Peter Middleton, who has succeeded Sir Douglas, would "probably have quite a lot of sympathy but he might think I am overdoing it." Politicians would probably consider his view "heterodox."

Recently the Treasury had helped at the "micro level" by giving industry special financial support in areas such as high technology and small businesses.

"But the Treasury has been insufficiently sensitive to the effects of the continued low profitability of industry and about the results of that low profitability on investment, research and development."

Examples of the Treasury not recognising the bad effects of its macro-policies including the impact of changing hire purchase tax levels on the car industry in the 1960s, the impact of price and dividend controls in the 1960s and 1970s on competitiveness, and the effects of the current national insurance surcharge on cash flow and profitability.

Sir Peter has been succeeded at the Industry Department by Sir Brian Hayes, formerly permanent secretary at the Ministry of Agriculture.

Lloyd's drops action against two brokers

By John Moore, City Correspondent

LLOYD's of London has dropped disciplinary proceedings against two of the market's approved insurance brokers who were involved in the controversial Sasse affair.

The move follows an out-of-court settlement between, on the one side, Mr Frederick Sasse, head of the former insurance syndicate that faced £21m of losses, and on the other, Lloyd's and the two broking companies, Brentnall Beard International and Brentnall Beard (London).

The losses were the most serious ever faced by one Lloyd's insurance syndicate.

Mr Sasse had been pursuing legal action against Lloyd's and the two broking companies, which form part of Brentnall Beard (Holdings), for three years until last weeks settlement.

Yesterday Lloyd's decided to discontinue the disciplinary action it began against the two Brentnall Beard broking companies nearly four years ago.

Lloyd's received an assurance yesterday that there was nobody in an executive position at Brentnall Beard International who had been involved in the litigation.

Lloyd's also decided to drop disciplinary proceedings against Mr Thomas Turnbull, a fellow director with Mr Sasse in the Sasse Turnbull underwriting agency. Lloyd's confirmed, however, that disciplinary proceedings against Mr Sasse were continuing.

A cautionary tale for unlimited guarantors

FIRST NATIONAL FINANCE CORPORATION v GOODMAN

Court of Appeal (Lord Justice Stephenson, Lord Justice O'Connor and Sir Denys Buckley): April 24 1983

WHERE A guarantee, strictly construed, extends to loans made by any bank with which the original lender amalgamates, a guarantor who has ceased to have any connection with the borrower is nevertheless liable for advances made by a bank which, by amalgamation, acquires the interest of the original lender.

The Court of Appeal so held when dismissing an appeal by Mr Harry Goodman from Mr Justice Bingham's decision (FT, May 19 1982) that he was liable under a written guarantee to pay £338,165 plus interest to First National Finance Corporation Ltd (FNFC).

* * *

LORD JUSTICE STEPHENSON said that Mr Goodman was described as an outstandingly successful entrepreneur in the package holiday business. He was a director and shareholder of Apartotel, incorporated on January 20 1970.

Apartotel needed capital. A subsidiary of FNFC agreed to lend it. On June 2 1970, Mr Goodman and his co-directors signed a guarantee addressed to the subsidiary.

On January 1 1972 the subsidiary merged into or amalgamated with FNFC and ceased to trade. Thereafter all facility letters and advances were made to Apartotel by FNFC.

In the September, when Apartotel owed FNFC £149,415, Mr Goodman and his co-directors fell out and he ceased to be a director or shareholder of Apartotel.

He had never been concerned in the management of Apartotel. He probably did not see the subsidiary's facility letters, and he was not informed of the merger or amalgamation. When he ceased to have anything to do with Apartotel, he took no steps to terminate his liability under the guarantee.

*

On April 16 1975, when Apartotel's debt had grown to £543,984, the subsidiary executed a deed of transfer assigning the benefit of the guarantee to FNFC.

Thereafter advances mounted rapidly, unknown to Mr Goodman. In May 1977 FNFC demanded payment from Apartotel. In June it was resolved that Apartotel be wound up.

A substantial part of the debt was repaid, but on September 12 1979 Mr Goodman was shocked to receive FNFC's demand for £338,165 under his guarantee.

All advances made by the subsidiary had been repaid, and almost all or most of the advances made by FNFC from 1972 until the assignment in 1975 had been repaid. If, therefore, Mr Goodman's guarantee covered advances until January 1 1972 only, his liability was extinguished or nearly extinguished.

Mr Justice Bingham held that the guarantee was not so limited, and gave judgment for FNFC for £338,165, with interest assessed at £129,368. Was he right in his interpretation of the guarantee and in his understanding of what advances it covered?

Clause 1 of the guarantee provided: "In consideration of [the subsidiary] (hereinafter called the Bank which expression where the context so admits includes the Bank's assigns) at our request making or continuing advances . . ."

Clause 2 provided: "This guarantee . . . shall extend to cover . . . any sum . . . which shall . . . constitute any balance due from the customer to the Bank on any account whatsoever."

Clause 18 provided: "In this guarantee where the context so admits . . . 'the Bank' includes its successors and assigns and any company with which it may amalgamate."

*

At first glance the issue of Mr Goodman's liability would seem to be decided by the express terms of the guarantee. FNFC was an assignee of the subsidiary, and a company with which it amalgamated. It therefore came fairly and squarely within the definition of "the Bank" which was the subsidiary's description in the guarantee.

But by statute law and at common law a change in the identity of either a creditor firm or a debtor firm revoked the guarantee unless there was agreement to the contrary, either express or implied. There was no reason to doubt that the same principle should apply to individuals and bodies corporate.

The effect of a change in identity would depend on the terms of the guarantee, and the nature of the change.

Where companies amalgamated or one company was absorbed by or merged in another, the same principle would seem to apply. The effect of the particular take-over on the debts owed to the "taken-over" bank would depend primarily on the terms in which its advances had been guaranteed.

*

If the transfer of the benefit of a guarantee was effected by private agreement, the extension of the guarantor's obligation to repayment of future advances by the transferee could only be derived from the intention of the transferor and guarantor as expressed or implied in the guarantee.

In Halsbury's Laws of England *Vol 3, 4th ed para 180; Vol 20, 4th ed para 277* it was stated that "in the case of amalgamation . . . guarantees given to either bank would probably be determined," and "a guarantee is generally invalidated as to future transactions by the amalgamation . . ."

His Lordship did not quarrel with those statements if they were read subject to the proviso "unless a contrary provision is contained in the guarantee."

There was just such a contrary provision in the guarantee, in clause 18, which was the second of two stipulated definitions of the "Bank." The first occurred in clause 1. Both definitions applied only "where the context so admits."

The whole parenthesis "hereinafter called the Bank etc" in clause 1 indicated that the subsidiary might not be the sole party making advances to Apartotel. Clause 18 expanded the parenthetical definition of "the Bank" in clause 1, and was plainly intended to cover the position of FNFC and the advances it had made to Apartotel since 1972.

*

Mr Justice Bingham said that "the question is whether on a fair but strict reading the language of this guarantee clearly shows that it was to apply not only to advances existing and ascertained at the date of any merger or amalgamation but to future advances after that date also. I conclude . . . that the instrument had the wider effect."

He made the right approach, asked himself the right question, and gave it the right answer—though he thought it produced "a very harsh result" for Mr Goodman.

Mr Goodman had neglected to take the obvious step of terminating his liability when he severed his connection with Apartotel. He paid a very heavy penalty for his lack of interest in Apartotel and its borrowing after signing a guarantee in such wide terms. He must, however, take the consequences of not revoking it. The appeal should be dismissed.

*

LORD JUSTICE O'CONNOR, agreeing, said that at common law there was no doubt that a change in the identity of the principal debtor discharged the surety, and it would seem that the same result followed a change in the identity of the creditor.

The rule was always subject to the express terms of the guarantee. The promise in the present case was to "to pay and satisfy all monies and liabilities whether certain or contingent which are now or shall at any time be due from the customer to the bank." In that provision there was no ambiguity. It admitted the extended definition of "the Bank" in clause 18.

*

FNFC was the subsidiary's successor and/or "a company with which it had amalgamated" within clause 18, from the date of merger. Express assignment of the guarantee was unnecessary.

Mr Justice Bingham was right to hold that the provisions of the guarantee were clear.

The case was a cautionary tale that should be learned by all who were minded to guarantee an overdraft without limit.

Sir Denys Buckley agreed.

For Mr Goodman: Wilfred Getz, QC, and Richard Behar (Stringer, Saul and Justice).

For FNFC: Neville Thomas, QC, and Colin Smith (Titmuss, Sainer & Webb).

Stringer, Saul and Justice wish to make it clear that they were not acting for Mr Goodman when he left Apartotel.

By Rachel Davies
Barrister

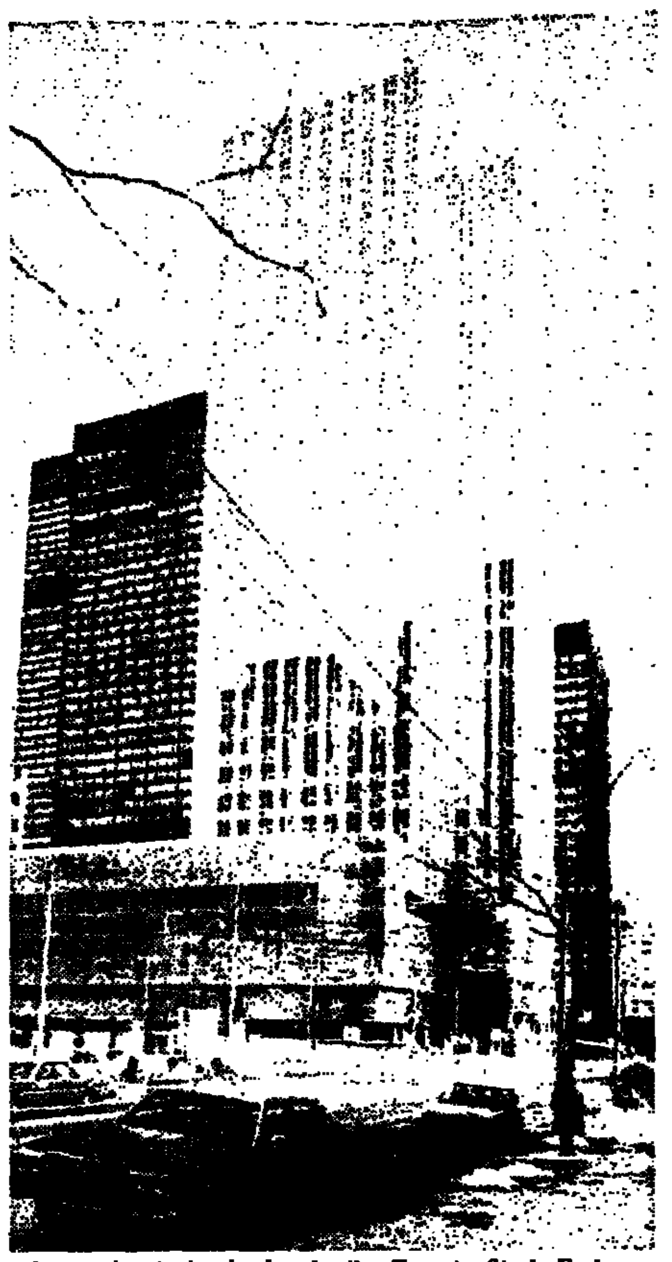
FINANCIAL TIMES SURVEY

Friday May 6 1983

WORLD BUSINESS CENTRES

TORONTO

The bustling home of banks, multinationals and other corporations, Toronto is firmly established as the hub of the financial system. Faith in the future is demonstrated by the new Stock Exchange building, which should reinforce the city's competitive strength



A prominent city landmark—the Toronto Stock Exchange *Tower, adjacent to the new trading floor,* which will house all the TSE staff

CONTENTS

Financial capital of Canada

By NICHOLAS HIRST

THREE DAYS before the 1970 provincial election in Quebec a security firm in Montreal loaded up four trucks with share certificates and other financial papers and drove them to Toronto. The move was intended as an election publicity stunt to exploit fears of a flight of capital out of Quebec if the separatist Parti Quebecois (PQ), fighting its first election, were voted to power.

In fact Montreal's relative decline as the financial capital of Canada and its replacement by *Toronto had begun many* years before. "By 1962 it was beginning to look like a very close run race," said Mr William Mulholland, chairman of the Bank of Montreal.

The eventual election of the PQ in 1976 and its introduction of strict French language legislation and high personal taxes only served to speed up a demographic process that was already underway. Today Toronto is firmly established as the country's pre-eminent financial centre.

Of the top 500 Canadian companies more have their headquarters in Toronto than in the next five cities combined. Three of the big five chartered banks have their executive head *offices in the city and all five* conduct large operations locally. Toronto is the home of the country's money and foreign exchange markets. Of the 57 foreign banks set up under the 1980 Bank Act, 43 have established their headquarters in Toronto.

Its stock market, which first surpassed Montreal in volume of trading in the mid-1930s, deals with 80 per cent of all trading in Canada. Half of that originates in Ontario Province, of which Toronto is the capital.

Calgary challenge

In recent years there seemed *to be a chance that the concen*tration of financial power in Toronto could be challenged by a vibrant Western Canadian economy. Tower blocks sprang up in Calgary, Alberta, to rival the centre of Toronto. As the banks, encouraged by the federal Government, lent heavily to the oil and gas industry and then, under the National Energy Programme, helped to buy out foreign interests, specialised energy divisions moved out to *Alberta and Calgary began to* believe it could build a financial centre to rival Toronto.

Calgary aproached the federal Government to allow it to become an international banking centre with favourable tax treatment for offshore deals similar to that recently established in New York. But it is in competition with Montreal, which has asked for the same privileges. The federal Government has as yet not acted on either request and it looks less and less likely to grant either.

With the *decline in oil prices* and a recession in the West which has shocked Albertans, *financial decision-making is* once more being centralised. The banks are sending out head office teams to *handle problem* loans and have cut back on some regional authorities.

Toronto's proximity to New York, just 75 minutes flying time away, tends to reinforce its dominant position within Canada but it also means the city's institutions are faced with competition based on a much more powerful widely-based economy.

The realisation in the late seventies that the Canadian Government was going to allow banks to set up subsidiaries in Canada encouraged Canadian banks *to sell themselves* aggressivley in the U.S.

Toronto's insurance community, encouraged by the provincial government, is looking at ways to set up an insurance market that would compete with New York and Lloyd's of London.

As a raiser of capital Toronto has served the country well. Of *the industrialised nations, only* Japan has, over the past decade, raised more capital as a proportion of gross national expenditure. Securities markets financed around 25 per cent of Canada's capital needs in the 1970s and the Investment Dealers Association expects this to increase to 35 per cent during the 1980s.

With a high national savings ratio, 25 per cent of Canadian captital investment has come *from personal savings.* Investment funds with trust companies *have grown* strongly as the Government has given tax allowances to individual retirement plans, boosting the funds available to be invested in the stock market.

Junior listings

But private investment on the Stock Exchange has remained strong, making up half of the *new money flowing into equities.* The exchange believes its lower listing requirements for junior *companies will bring in new* capital from the smaller investor. The belief is that the latter *is* keener than the institutions on the higher risk, higher reward smaller companies and that smaller companies are the best providers of new jobs and productive investment.

But in lowering its listing requirements, *the TSE* has also increased its competition with the much smaller Vancouver Exchange. Vancouver has specialised in the smaller speculative type of stock, which Toronto gave up in the 1960s.

Having established a competitive edge over the rest of Canada, the TSE is anxious not *to lose it.* Under the leadership of Pearce Bunting, president of the TSE, who last year became the first Canadian to be president of the International Stock Exchange Federation, the TSE has offered a whole range of new investment vehicles. Option trading based on the Chicago model was started in 1976, a year after *option trading* was started in Montreal, and the exchange has recently moved into futures trading.

Expansion and the growth of new technology left the exchange's old building in Bay Street too small to be successfully renovated. On May 9 next it moves to a new trading floor at a cost of C$25m. The move takes the exchange away from the site it first occupied in 1914 and from the street which has given its name to the financial district of Toronto.

After a grim period last year when both prices and volume *fell sharply,* the exchange is having its best period since at least 1934, when the TSE merged with the Toronto Mining Shares Exchange. It is that merger which many credit as having been a deciding factor in building up the TSE at the expense of Montreal. The latter tended to look down its nose at mining stocks. Now companies such as Inco and Noranda provide the mainstay of European investment into the TSE.

As for the banks, the opulence of their towers became tarnished last year as they wrote off C$2bn of *bad debts* and found themselves exposted to large single loans in the oil and gas sector. The most spectacular write-off was the C$4bn lent by four of the big five banks to Dome Petroleum of Calgary.

The big five have been aggressive foreign lenders over the past decade and have found themselves exposed to Third World debts, particularly in Mexico, Brazil and Argentina. But with falling interest rates profits have been improving sharply and with the stock market rising, companies have been repairing their balance-*sheets* by raising new equity on the TSE.

With the Canadian economy showing the first signs of improvement, the Toronto financial community is busy being competitive and trying to keep an edge on its far larger neighbour *across the border.*

INTERNATIONAL DEBT EXPOSURE

	Mexico	Brazil	Argentina†	Total
Bank of Montreal	1,200	1,200	260	2,660
Bank of Nova Scotia	800	600	250	1,650
CIBC	797	931	210	1,938
Royal Bank	1,100	1,100	300	2,500
Toronto-Dominion	775	640	140	1,555
Total	4,672	4,471	1,160	10,303

	Poland	Rumania†	Total
Bank of Montreal	50	—	50
Bank of Nova Scotia	50	5	55
CIBC	50	5	55
Royal Bank	90	30	120
Toronto-Dominion	60	20	80
Total	300	60	360

† Approximation.
Source: Wood Gundy

TORONTO II

Office towers symbolise undisputed rule

Banking

NICHOLAS HIRST

ONLY TWO of Canada's big five chartered banks—Toronto Dominion and Canadian Imperial Bank of Commerce—have their registered headquarters in Toronto. But Toronto is the undisputed banking capital of Canada. The money and foreign exchange markets are there. It was in Toronto that the bankers met to discuss what to do about the Calgary-based Dome Petroleum's inability to repay its debts on schedule.

The Bank of Montreal retains its official headquarters in the city from which it takes its name but it was in Toronto that a recent television profile of the bank pictured the chairman grappling with the debt problems of Dome and Mexico.

The Bank of Nova Scotia, the only one of the Big Five which so far lacks a massive office block in the city centre, has had its executive offices in the city since 1900. The bank intends to correct the omission as soon as possible. Plans for Scotia Place, an office tower in the heart of the financial centre, are before the city council.

It is a nice coincidence that Toronto Dominion moved into the first of the Toronto bank office towers which have come to dominate the City's skyline in the same year as the passing of a revised Bank Act which assisted rapid expansion in recent years.

Controls eased

The 1967 Bank Act removed a 6 per cent interest ceiling on consumer lending, lifted restrictions on residential mortgage lending and eased reserve requirements on term deposits.

The easing of restrictions on term deposits, coupled with a growth of computerisation, allowing rapid cash transfers and improved money management, led to a rapid increase in money market activity. In 1967 only a third of the Canadian chartered banks' deposits came from corporate clients; 15 years later they represented three-quarters.

The large presence of subsidiaries of American multinationals in Canada and growing trade with the U.S., led to the building up of large U.S. dollar deposits with Canadian banks.

On the back of the growth in the money markets and with increasing demand for large loans the banks' expansion both at home and abroad proceeded rapidly. Between 1971 and 1981 total assets of the chartered banks grew by nearly 21 per cent a year, far faster than the Canadian economy as a whole.

In 1982 the expansion came to a sudden halt. From September 1981 the Canadian banks sharply cut back on new lending as interest rates soared and domestic and international lenders proved unable to meet their payments.

Loan losses of the Big Five in 1982 rose 166 per cent to C$2.2bn and non-productive loans on which interest had not been paid for 90 days or more soared from C$1.8bn in 1981 to C$6.1bn.

Both at home and abroad the banks were caught by the sudden change in the world financial structure and a looming liquidity crisis. The assumptions on which lending had been made proved to be wrong.

THE BIG FIVE BANKS

(C$m—year-end October 31)

	Assets 1982	Assets 1981	Net income 1982	Net income 1981
Royal Bank	88,456	88,359	357.6	478.2
Bank of Montreal	62,027	62,374	257.0	352.9
Canadian Imperial Bank of Commerce	68,436	65,698	280.8	320.0
Bank of Nova Scotia	58,630	49,067	272.6	244.3
Toronto Dominion	45,638	43,249	307.6	285.3

"Who would have thought oil prices would go down?" asked Mr Russell Harrison, chairman of the Canadian Imperial Bank of Commerce.

The Canadian banks' expansion had been across a broad base, but in common with other large banks throughout the world it left them exposed in areas which had once seemed sound. The banks used their naturally occurring U.S. dollar deposits initially to lend to their traditional foreign base in the Latin American and Caribbean countries. The Royal Bank and the Bank of Nova Scotia have had operations in that area since the last century, running retail branches and at one time financing the colonial trade in rum, sugar and timber. The Nova Scotia, which still retains its registered headquarters in Halifax (NS), had an office in Jamaica before it opened in Toronto.

As the Eurocurrency markets grew and the well-rated Canadian banks took deposits from Opec members their expansion continued into Asia and the Pacific rim. Foreign currency assets grew from 28 per cent of the total in 1971 to 40 per cent ten years later. This expansion has made the banks vulnerable to shaky Third World economies but it is easy to overstate their exposure. Nearly a fifth of all foreign currency assets are held by Canadian residents, reflecting the close economic ties with the U.S., and a tenth are held in the U.S. itself.

Exposure to the troubled economies of Mexico, Brazil and Argentina and to other Latin American countries is nevertheless significant. Toronto stockbrokers Wood Gundy estimate that total gross exposure to the Latin American and Caribbean at C$22.5bn, slightly over 6 per cent of total assets. But taking into account compensating cash balances and guarantees and, in the case of the Royal Bank and Nova Scotia, large retail deposits, the net exposure may be only half as much.

In fact the big growth in lending in the last few years has been to the U.S. The Toronto Dominion's lending across the border soared from C$1.4bn in 1980 to C$4.0bn last year and the Bank of Montreal's U.S. assets grew from C$7.6bn to C$11.3bn over the same period.

The push into the U.S. began around 1974 as American bankers drew in their horns after being badly singed with loans to real estate investment trusts. It gathered pace in the late seventies with the realisation that the Canadian Government was going to allow foreign banks to establish subsidiaries in Canada for the first time. If American banks were going to compete on the Canadians' home ground for the business of U.S. subsidiaries, the Canadians decided they should compete for the business of their parents. Not all the U.S. lending, however, has been as soundly based as it might have been, particularly to the property sector.

Domestically, property lending has proved more of a headache than the well-published problems of the oil and gas sector. In the West commercial property speculation took off on the back of the oil boom but throughout the country the recession has left buildings without tenants and rising interest rates have made a nonsense of cash flow calculations.

But it was lending on large single loans to the oil and gas sector which threatened to damage the Canadian banks' strong international reputation. The most spectacular was the C$4bn of loans outstanding to Dome Petroleum from four of the Big Five — the CIBC, Bank of Montreal, the Royal and the Toronto Dominion.

In line with the federal government's National Energy Programme, which was designed to increase Canadian ownership of the domestic oil and gas industry, the Canadian banks poured out loans to assist Canadian companies to buy out foreign holdings. Dome financed its two-stage acquisition of the American-controlled Hudson's Bay Oil and Gas by debt and then, with falling oil prices and rising interest rates found itself unable to meet capital repayments. For a time concern about the Dome loans increased the cost of deposits to the Canadian banks on Eurocurrency markets.

Last September a rescue package was agreed in principle for Dome between the four banks and the Canadian Government. The banks have insisted the rescue was in no sense a bail out for the banks and that their loans were well secured.

Negotiations over the details of the rescue package have continued to drag on but concerns have lessened as Dome has met interest payments and reduced its debt by asset sales. But neither the banks nor the regulatory authorities want such large exposure to single loans to occur again.

Prudence prevails

A general air of prudence now prevails. Special teams have been created by all the banks to look after problem loans. Costs are being pared back, bureaucracies clipped and branch networks rationalised.

But competition remains. The foreign banks established under the 1980 Bank Act have rushed to build up their assets at the expense of profits. Average assets for the 57 licensed foreign banks, 43 of which have their headquarters in Toronto, in the quarter ending December 31 were C$18bn. Their growth is restricted to eight per cent of total Canadian bank assets. Some of the larger foreign banks, such as Barclays and Citibank are now pushing at their individual limits and pressing the federal government for them to be raised.

For the Big Five, falling interest rates and reduced costs served to push profits up sharply in the first quarter of their fiscal year (year-end is October 31). Loan losses have continued to rise but corporate clients have been repairing their balance sheets as inflation has fallen and both bankers and analysts expect non-productive loans to decrease as the year progresses. But for some time to come the watchword will be caution.

Busy range of financial services

Trust and loan companies

NICHOLAS HIRST

CANADA'S trust and loan companies have come virtually unscathed through a potential crisis, which threatened their traditional staid and conservative image.

In January the Ontario provincial government seized control of C$2bn of assets in three companies — Greymac Trust, Seaway Trust and Crown Trust, the 12th largest trust company in the country—to protect depositors' interests. The federal government at the same time took control of two related mortgage companies.

The government's concerns were that the companies had advanced mortgages without adequate security on a series of transactions involving 11,000 apartments formerly owned by international property developer Cadillac Fairview.

Worries that the events which led to the government action could damage public confidence in the whole industry proved unfounded. The government's prompt action and a decision to raise the limit on deposit insurance from C$20,000 to C$60,000 kept confidence high.

"I don't think it has hurt the industry at all," said Mr William Potter, president of the Trust Companies Association of Canada. "There hasn't been a run on deposits. Even the small and medium-sized firms haven't seen an effect."

Isolated event

The public has regarded the affair as an isolated event. Money has continued to flood into the companies. As interest rates have fallen profits have risen and the industry's shares have strongly outperformed the market.

Canada Trust, one of the largest companies, reported more than doubled profits in the first quarter at Can$13.8bn and the trust funds it managed increased by C$236m for a total of C$2.3bn.

The problems of Seaway, Greymac and Crown, however, have focused attention on proposed federal and provincial legislation designed to alter the rules under which the trust and loan companies operate and increase their ability to compete with the chartered banks.

Trust companies can be either federally or provincially chartered but it is the new federal legislation, which would allow the companies to call themselves banks, which will set the pattern.

A draft Bill and discussion paper was published last summer and was intended to be put before Parliament before the end of the year. Lack of legislative time has put the date back at least until this autumn.

In the wake of the Greymac, Seaway and Crown affair the industry has become concerned that the legislation could prove more restrictive than they had hoped.

The trust companies were established in the last century to perform executor and trustee business and manage the estates of the wealthy. They grew into deposit taking institutions and with their associated mortgage and loan companies have taken on many banking functions. At the end of last year their assets totalled C$76.2bn compared with C$370bn for the chartered banks, and as trustees managed a further Can$88bn.

The top seven control more than 80 per cent of the lucrative trust business and more than 70 per cent of the deposits. Of the big seven Canada Permanent, National Trust, Victoria and Grey and Guaranty Trust all have their head offices in Toronto and another two, Royal Trust and Canada Trust, have large operations in the city.

They are essential to the smooth operation of the financial system. In Canada the chartered banks are not allowed to take on trust business. The trust companies act as registrars and stock transfer agents, manage pension funds, individual retirement savings accounts and offer guaranteed interest savings accounts and chequing facilities.

Last year the industry accounted for 48.4 per cent of loans made for house purchase. Total mortgage lending — 95.3 per cent of which was in residential loans—rose ten per cent to C$5.5bn, but that was still below the 1980 level.

Over the past decade the traditional residential mortgage business has moved into a relative decline and with strict controls on immigration and a gradually ageing population, the industry believes the former strong growth in the housing market is over. At the same time the chartered banks, with their associated mortgage subsidiaries, have been competing aggressively for residential business. Last year the banks' mortgage subsidiaries' assets increased by 56.5 per cent to C$20.5bn, a much faster growth than for the industry as a whole. The trust and loan companies have seen themselves competing for business in a declining market.

Heavily restricted

Their reaction has been to diversify into commercial and personal lending, but they have been heavily restricted by present legislation.

The industry has pressed hard for the law to be changed, and with reservations, welcomed the draft Bill and discussion paper. At the moment only seven per cent of trust company assets can be lent on commercial and personal loans unsecured by property. The big companies have gradually increased their mortgage lending on commercial property. Canada Trust, for example, had 16 per cent of its mortgages on commercial property last year compared with only 11 per cent in 1978.

But the trust companies want to be able to increase their term lending to industry, not secured by mortgages, to compete more directly with the banks. The draft Act would increase the seven per cent limit to 15 per cent. The industry, however, considers that overly restrictive and will argue at committee hearings for much greater flexibility.

On that score the Greymac affair may not have damaged their argument but another potential and much more worrying concern to many in the industry is a suggestion in the discussion paper that no shareholder should own more than ten per cent of a trust company. This would bring the industry in line with the same restriction placed on the banks.

But with one exception, Canada Trust, all the other large companies have controlling shareholdings.

Canada Trust is arguing forcibly that the ten per cent rule should be brought in. Mr M. L. Lahn told his company's annual meeting that if the five companies seized by the federal and provincial governments had not been controlled by large single shareholders, their problems might never have happened.

The rest of the industry, however, is arguing equally forcibly that the ten per cent rule would not improve prudential management but could change the structure of the industry drastically and cause unnecessary and possibly damaging upheaval.

No decision has yet been made. Mr Robert Hammond, the Federal Superintendent of Insurance, who shares the responsibility of regulating the industry with provincial authorities, said: "The ten per cent rule is an issue that has not been decided but it has come to the forefront of our considerations."

For all the concerns created by the Greymac affair the industry has avoided the problems of the savings and loan institutions in the U.S. From 1967 onwards the terms of residential mortgages have been lowered from 20 years or more to five years or fewer, and recently the industry has been offering floating rate mortgages similar to those available from building societies in Britain.

Their trust business has proved resoundingly successful. The assets in pension plans administered by the companies has grown dramatically from C$6.8bn in 1972 to C$28.2bn in 1981, while tax benefits to individuals investing in retirement savings plans has resulted in explosive growth, with administered funds leaping from just over C$1bn in 1977 to C$18.3bn in 1981, with a further substantial increase expected for last year.

But before new legislation is passed the industry's diversification and its potential for growth is severely limited. If restrictions on commercial lending are lifted substantially, their ability to compete will be very much enhanced.

New home all wired to modern needs

Stock Exchange

NICHOLAS HIRST

ON MAY 9 the Toronto Stock Exchange (TSE) is giving up the attractive art deco building which has been its home since 1937 for a modern high technology trading floor which looks like a set from Star Trek.

For Toronto's stockbrokers the move naturally involves a certain sadness. "It is going to require some adjustment by our floor traders," said Mr J. M. Leach, president of the medium-sized firm Housser and Co. But the change matches the expansive mood of a market that has just had its best nine months in at least 50 years.

The old building had become too small. The stock exchange staff were spread around three buildings and it was impossible to renovate the trading floor in a way that would provide the latest gadgetry that a modern exchange needs.

Communications

At a cost of Can$25m the new exchange has communications technology to rival anything in the Star Ship Enterprise. Trading in equities, options and futures are all on one 30,000 sq ft floor, three times the size of the old trading area, and the stock exchange staff all have new offices in the adjacent Stock Exchange Tower.

Most important, the new floor assures the Toronto market that it will continue to be competitive. "Without the new technology there is the danger that we could lose business into the New York markets particularly the American Exchange," said John Thornton, vice president at TSE for management and member services.

Toronto is the seventh largest exchange in the world. It surpassed Montreal as the premier exchange in Canada in the 1930s but it is still dwarfed by the New York markets and is in constant danger of losing at least some of its trading.

Canadians will always want to trade in American stocks. The TSE, like the Canadian economy, is biased towards resource-based industries and Canadians naturally spread their risk by investing across the border in the more broadly based U.S. economy.

The worry is not that Canadians will increase their trade in American stocks. In fact Toronto stockbrokers report that has been happening steadily over the past few years. The worry is that trading in big Canadian companies could shift away from Toronto and that instead of buying on the TSE Canadians, as well as investors from outside North America, would increasingly buy on the New York and American Exchanges.

Many of the larger Canadian companies such as Inco, Bell Canada and Moore Corporation quoted on the TSE are also listed on the New York and American Exchanges. These stocks are the base of the Toronto market. In 1982 trading on interlisted stocks made up 35 per cent of the total trades on the TSE. As it is, more trading on interlisted stocks takes place in the U.S. than takes place in Toronto. Once the American markets become interested in a Canadian stock, the sheer weight of money in the U.S. pushes Canadians into second place.

Nevertheless Toronto has been holding its own. Most Canadians buying interlisted stocks deal on the TSE. Canadian brokers execute between 70 and 80 per cent of their interlisted business in Toronto and there is no sign of that proportion edging downwards.

In fact Toronto shows every indication of being a vibrant market. The TSE 500 index is up 60 per cent from the depressed levels of last summer and 10 per cent since the beginning of the year.

Recently stocks have had a roller coaster ride as investors, tiring of the blue chip industrials, utilities and banks which led the initial advance, switched to resource companies on fears of renewed inflation and then back to the blue chips.

Equity issues

A strong equity market has encouraged companies to raise new money to reduce debt. Stelco, Canada's leading steelmaker, recently raised C$152.2m despite losses, while last year British Columbia Forest Products raised C$106m. In the first three months of this year some C$1.6bn of new equity had been raised on the market compared with C$3.6bn during the whole of 1982.

The move to the new trading floor is just the latest in a whole string of developments by the TSE to keep the market competitive. Traded options, to compete with Chicago and the Amex were started in 1976, a year after Montreal opened an options market, and financial futures began trading in 1980.

On April 4 this year the TSE made its long-awaited switch—delayed as brokers lost money during the dark days of early 1982 to negotiated commissions. So far stockbrokers have declared the change a "non-event." Several discount brokers have set up but as yet have had little impact. The stock exchange management believes that the change could bring back some foreign investors to Toronto who, attracted by the prospect of negotiated commissions in New York, might have switched their orders there for the larger Canadian companies.

STOCK EXCHANGE TURNOVER

	Value—C$m				
	1982	Per cent share	1981	Per cent share	Per cent change
Toronto	17,670.3	79.9	25,094.2	76.7	− 29.6
Montreal	2,773.4	12.5	3,338.2	10.2	− 16.7
Vancouver	1,558.4	7.0	3,859.2	11.8	− 59.6
Alberta	120.4	0.6	426.8	1.3	− 71.8
Winnipeg	2.7	†	0.9	†	+ 179.4
Total	$22,125.4		$32,709.4		− 32.4

	Volume—m shares				
	1982	Per cent share	1981	Per cent share	Per cent change
Toronto	1,576.7	47.0	1,510.2	43.5	+ 4.4
Montreal	208.1	6.2	204.5	5.9	+ 1.8
Vancouver	1,442.7	43.0	1,574.3	45.4	− 8.4
Alberta	126.1	3.7	178.6	5.2	− 29.4
Winnipeg	2.0	0.1	0.9	†	+ 120.6
Total	3,355.7		3,468.8	100.0	− 3.3

† Less than 0.1 per cent.

But the impact is not expected to be very significant. Generally Canadian small investors are expected to end up paying slightly more than under the fixed rate commissions and institutions slightly less, but it is really too early to say what will happen.

Option trading has proved an undoubted success. Options are now offered on 40 stocks and more options are written on the top five stocks than there are trades in the underlying securities. A new silver option started in February.

Financial futures trading, on the other hand, has been slower than hoped. A contract on a mid-term Canadian Treasury bond failed to gain any interest at all and is no longer trading. Trading on futures on a 91-day Treasury bill contract has had more success and a new ten-stock equity contract has recently been introduced.

The exchange hopes that volume will increase when a Toronto Futures Exchange is set up, probably later this year. A Bill is before the Ontario legislature to set up the new exchange which will allow trading by non-TSE members, increasing the liquidity of the market.

The new exchange is expected to improve liquidity for the whole market by raising efficiency and enabling quicker trading. A paging device, carried in brokers' breast pockets, will enable them to be called instantly wherever they are. Instead of beeping, the pager vibrates. It was decided that if the pagers beeped, in an active market no one would know whose beeper was beeping.

A new automated book will speed up buying and selling of simple transactions, adding to the CATS computer assisted trading system already available on the old floor. The CATS system deals with less active stocks, which nevertheless account for 62 per cent of the 1,200 listings on the exchange.

The ever-increasing use of computers is adding to the exchange's ability to monitor market transactions and watch for possible stock manipulation. The CATS system automatically halts trading if stock prices move faster than certain built-in checks. Other stocks are monitored on an hourly basis. Any sudden price movement will bring an inquiry from the market surveillance department to ensure a fair and transparent market.

Ideal mix

The TSE believes the Canadian combination of self-regulation and provincial government control is an ideal mix—the TSE shares regulation of the securities industry with the Investment Dealers' Association and the Ontario Securities Commission (OSC). On the whole the system works well but occasionally there are differences of opinion. The sharpest recent disagreement was over the TSE's plan to allow junior companies to come to the market and raise capital without issuing a full prospectus.

TSE studies had identified a gap in the market for venture capital for industrial, and particularly for high technology, companies. It saw the chance both of covering the gap and broadening the spread of its own market. To encourage the raising of new capital the TSE wanted to cut down the costs of lodging a full prospectus with the OSC and suggested it should be allowed to vet application without OSC approval. The OSC, however, insisted on a dual vetting procedure increasing the costs above the level the TSE would have preferred. Even so several applications have been received since the scheme was put into effect last month.

The listing of junior companies may increase competition with Vancouver, which has become a centre for more speculative stocks since Ontario tightened the rules of admission to the TSE after a number of scandals in the mid-1960s.

The Vancouver market, however, is more concerned with mining promotions than with new industrial companies. Nevertheless Toronto's decision to allow junior listings is evidence that where it can compete it will. Having established its pre-eminent position, it intends to keep it.

Life offices lead strong sector

Insurance

FREDERICK LANGAN

CANADIANS used to be the most heavily insured people in the world. But they have lost that position to Japan and the U.S. On a per capita basis Canadians own $20,410 worth of life insurance, the Americans $20,820 with the thrifty Japanese far in the lead with $29,540.

In Canada about sixty per cent of life insurance is from employer-run group insurance plans, the rest is bought by individuals.

Until the early 1970s Canadians were top in owning life insurance and that has meant that Canadian life insurance companies are large and important institutions in the financial world, taking in C$8.34bn of premium income in 1981. Of the top five life insurance firms in Canada three are based in Toronto.

Recent addition

Sun Life is the largest of the Canadian life insurance groups, with 9.48 per cent of the Canadian market and annual premium income of C$790m. Sun Life is a recent addition to the Toronto financial scene, moving from Montreal because the company said it could not work with the restrictive language laws in Quebec. Many companies have moved for the same reason, few were as honest as Sun Life in giving the real reason for relocating.

The rest of the top five, with their market share, are Mutual Life—8.89 per cent; Manufacturers Life—7.48 per cent; Great West Life—6.5 per cent; and Canada Life with 6.2 per cent. Great West is based in Winnipeg, Mutual in Waterloo, Ontario, but both have substantia operations in Toronto.

The general and property insurance business in Canada is just slightly smaller than the life group, writing Can$7bn of premiums in 1982. Overall the property and casualty insurance business in Canada had a underwriting loss of more than Can$325m last year but this was an improvement from the record underwriting losses of 1981 when the same group lost Can$889m. At least two companies went under—Pilts of Ottawa and Strathcona of Toronto. Insurance brokers say the two companies were poorly managed and accepted poor riks. One broker said "Strathcona became a place for the brokers to put all their crummy business."

Toronto's general insurance community would like a Lloyd's of its own but it could be quite a while until an exchange actually opens, although an informal arrangement could be working within two years.

One major reason for an insurance exchange would be to stop the flow of insurance premiums out of Canada to London and New York. Ontario's Minister of Consumer Relations, Dr Robert Elgie, is behind the plan and he estimates that of Can$ 7bn about Can$ 1bn in premiums leaves Canada. The reason is that it is difficult to insure large or unusual risks in Canada. For instance, two days after the New York Insurance opened in 1980 its members insured an Alberta pipeline and a purebred Canadian bull Canadian lawyers have had to go outside Canada to get group insurance for professional liability. Local insurance people were outraged and said they could have done the business but others said the price was too high.

"There are really very few risks that cant be insured in this country," says Mr Paul Phillips of Osborn and Lange, a Toronto insurance broker, "but a sizable percentage of premium dollars go out of the country because the market is better overseas." By better he means cheaper.

It is felt that an insurance exchange would bring cheaper premiums. It would also mean that insurers and reinsurers would not have to take any foreign currency risks when they place Canadian business in Toronto rather than in London or New York.

An insurance exchange would be expected to handle what one broker referred to as "mega-risks," which he defined as any having premiums of more than Can$100,000 a year. The province would see it as a financial status symbol for the city of Toronto, a natural extension of its role as Canada's financial centre.

Agreement

Dr Elgie has appointed a committee of experts studying the plan. So far there appears to be agreement on where the exchange would be located in the same building as the new stock exchange so it could share the new computer facilities there.

The chairman of the Ontario Insurance Advisory Committee is Mr Robert Hilborn, a Toronto insurance broker with the firm of Johnson and Higgins Willis Faber. His committee has been meeting since last last year and only now are starting to issue reports on their findings. They still seem to feel the exchange will work but it will not be in place as quickly as the politicians might have liked. "It is two years down the road before any type of exchange is opened," said Mr Hilborn, "and five years before there is a substantial operation."

He and others feel that a Toronto exchange could take some business away from New York. For one thing there would be fewer restrictions in Ontario than in highly regulated New York State.

Another advantage to an insurance exchange is said to be that it would control the problems that have been created by unlicensed re-insurers which caused the recent failure of two insurance companies in Canada. An exchange such as New York has a guarantee fund to protect against such insolvencies.

Mr Hilborn said the problems facing the committee ranged from tax problems, a Canadian name at Lloyd's would get a better tax treatment than a prospective investor in a Toronto Exchange syndicate, to the federal government's Foreign Investment Review Agency — FIRA — which might tend to inhibit investment in syndicates by foreign investors, be they corporate or private.

Mr Hilborn sees advantages to foreign investment. "A foreign insurer could enter the Canadian market, FIRA and other obstacles permitting, through the medium of a syndicate on the Exchange as a prudent first step in entering a market where established outlets are not in place.

Physically the exchange would resemble the New York exchange more than Lloyd's. The committee favours a sterile, high-tech operation with no opening or closing bells and no ringing telephones. Syndicates would be limited liability as they are in New York.

Although the first part of the overall report says there would be money available to write business on a Toronto Insurance Exchange, there might be a problem finding individual investors. No Canadian individuals are members of Syndicates in New York. There are some at Lloyd's. Two are Mrs Marie Wilson, a well-known businesswoman, and John de Pencier, a broker who has a personal investment at Lloyd's. The bulk of the capital for a Toronto Insurance Exchange would come from Canadian Insurance firms and foreign companies if the federal government relaxes its rules.

Insurance companies in Canada can be federally or provincially chartered, thus the interest by the province of Ontario. But with the potential tax and foreign investment problems being handled by the federal government, Ottawa may have to get involved in any establishment of a Toronto Insurance exchange.

Financial muscle and aggressive selling

Stockbrokers

NICHOLAS HIRST AND FREDERICK LANGAN

TORONTO'S stockbroking community is a mixture of old-established financial power and modern, aggressive management.

Today's brokers are just as likely to be found working out in the Squash and Racquet Ball Club in the Sheraton Centre or flexing their muscles in the Cambridge Club instead of lunching with their clients in the more traditional settings of the Toronto or National Clubs.

Competition is fierce and constantly changing. Since the Stock Exchange brought in traded options and financial futures, new firms have been set up and existing firms have established sections to deal with the new business.

Of the six big firms—Wood Gundy, Dominion Securities Ames, McLeod Young Weir, Burns Fry, Pitfield McKay Ross and Richardson Greenshields — three, Dominion Securities Ames, Burns Fry and Richardson Greenshields are the product of recent mergers. The Big Six are being pushed heavily for business by the small trading-orientated "institutional boutiques" such as Loewen Oondatje McCutcheon and by new firms like First Marathon Securities.

First Marathon was set up in 1979 by Lawrence Bloomberg, a business graduate of McGill University who trained with the Montreal firm of Nesbitt Thomson before moving to Pitfield McKay Ross. Pitfield has a very high reputation and has formed the breeding ground in recent years for several new firms.

Depressed price

First Marathon bought a Stock Exchange seat for the depressed price of C$26,000, C$9,000 less than the going rate for a metropolitan taxi licence, and rapidly picked up institutional business. It moved into trading of large blocks of shares and private placings and in 1982 accounted for two per cent of all these trades.

Competition for business is likely to become even keener as a result of the introduction on April 4 of negotiated commissions. So far brokers are saying that the move has had little impact on their business, but it is too early to say. Several discount houses have been set up and some brokers have completely changed their rate structure in an attempt to attract new clients.

Housser and Co., a medium-sized firm, advertised its minimum commission rates under the new system and has seen a steady flow of new business. Generally commissions for small clients have been increased and those for institutions reduced but the picture varies from broker to broker. It will be some time before clients learn the best mix of lower dealing costs and maintained service and research.

Like the big American firms, the Canadian houses provide corporate finance and underwriting services which in London tend to be more the province of the merchant banks.

For the past decade Wood Gundy has led the field both in underwriting and brokerage but it is gradually losing ground to the fast-growing Dominion Securities Ames and Burns Fry. Increasingly Wood Gundy is being seen as solid, old and established but not exciting.

Dominion Securities Ames' claims to be old and established are as strong as those of Wood Gundy—it has connections with some of the oldest names in Canadian business. In recent years, however, it has grown through merger and acquisition—the latest being the merger between Toronto-based Dominion Securities and the Montreal-based Ames. It has been very aggressive in both underwriting and brokerage, has a first class administrative and sales team and produces impressive research.

Old and new architecture surrounds Toronto's City Square.

Burns Fry is run by Jack Lawrence, a shy, self-made man who is reputed to be one of the best dealers in the business. After the specialist Gordon Securities it is probably the largest institutional dealer and is expert in Government bonds and money market trading. It has moved strongly into new investment vehicles and claims half the trade in the financial futures market set up three years ago. Knowledge gained on the Canadian futures markets took it on to the Chicago exchange where it now conducts two-thirds of its futures business. With its associate J. R. Timmins, acquired in 1972, Burns Fry has more seats on American exchanges than any other Canadian house.

Toronto has two large Amercan-owned brokerage houses, Merrill Lynch Royal Securities and Bache Halsey Stuart. Bache ran foul of Toronto Stock Exchange rules prohibiting the control of brokers by financial institutions when its partner was acquired by Prudential Assurance but it continues to trade normally while its case is considered by the Ontario Supreme Court.

Merrill is important because of its strong international connections, although Burns Fry probably does more arbitrage business between the Canadian and New York markets.

Canadian brokers have meanwhile become increasingly aggressive in competing for international business.

The requirement of Canadian provincial and federal government to fund their growing deficits has increased the Canadian brokers' importance in both London and New York, while the London market also provided an active source of speculative capital during the boom in the Western Canadian Oil market.

In the late seventies Wood Gundy sent two of its senior directors to bolster its London operation. It is now the only Canadian firm regularly to be lead manager of Eurocurrency issues. Between August 1 1981 and September 30 1982 Wood Gundy participated in a total of 72 issues and was lead underwriter in 11. Dominion Securities was involved in 34 and McLeod Young Weir in 19.

The same three firms also compete for Canadian federal and provincial government financing on New York markets. Canadian brokerage houses have a'so become involved in the secondary bond markets, competing directly with American firms.

The next phase of expansion is expected to be in Asia. Of the Canadian brokers, Richardson Greenshields, which divides its operations between Toronto and Winnipeg, has the largest office in Hong Kong and has just opened in Tokyo.

The most important factor in the brokers' future is likely to be the success of the new exchange to be opened on May 9. If it serves to increase trade and liquidity as is hoped, Canadian brokers' business will continue to expand with increased operating efficiency.

Banks of electronic equipment dominate the new floor of the TSE, with traders' booths in the foreground and the viewing gallery to the rear.

Visitors to Toronto, Nicholas Hirst explains, will find a typical North American city with a lingering flavour of the past

New York in calmer guise

ABOUT THIS time of year Toronto suddenly changes. The slushy gloom of the winter ends. Retired couples return from the warmth of Florida. Pedestrians start to walk the streets again. Galoshes disappear from the hallways and wardrobes of city offices. Cars shed their snow tyres and the crocuses and daffodils that have managed to survive the sudden climatic changes of March and early April start to bloom.

There are colder places in Canada in winter than Toronto but when the wind whips off Lake Ontario round the towering office blocks of the financial district it is easy for misery to set in.

But for the skilled Toronto city dweller the winter holds few terrors. An intricate network of warm well-lit underground passages links most of the city centre. Torontorians can move from subway to office block without ever seeing the light of day. Passages are lined with shops and fast food restaurants leading to spacious covered shopping centres with bars and boutiques, benches to sit on and banks to cash cheques.

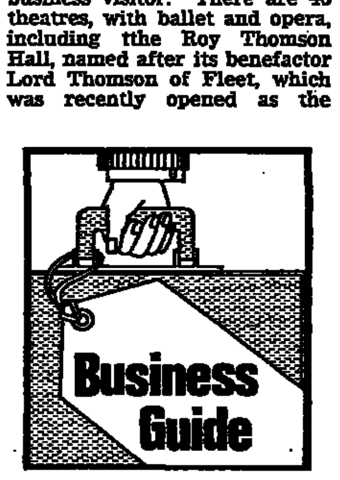
The problem for the visitor is that it is easy to get lost. Signs tend to point to office towers rather than streets and a map of the city is little help. But it is worth persevering: underground Toronto is an essential part of a city that has much of the best of the North American way of life and few of the disadvantages.

The city centre looks North American. Its office towers could have been transported from Dallas. But the streets are safe, violence is rare and there is much to make the Britisher feel at home.

The University of Toronto has colleges which copy the style of the old British universities. Marks and Spencer and Boots have stores in the shopping centres and there are British-style pubs. It is as if the hustle and bustle of New York, only 75 minutes away from Toronto's large and efficient international airport, has been calmed down and cleaned up.

Toronto nevertheless retains a slightly provincial, slightly puritanical atmosphere. Despite the presence of large immigrant communities — there is the largest Portuguese community anywhere outside Portugal—the city has not acquired a cosmopolitan feeling. The bars have none of the smokey vitality of Montreal. Wines and spirits are sold from government stores on a cash only basis. It is impossible to get a drink on Sunday without having something to eat and some parts of the city have no liquor stores.

But for all that it is a lively city with much to offer the business visitor. There are 40 theatres, with ballet and opera, including tthe Roy Thomson Hall, named after its benefactor Lord Thomson of Fleet, which was recently opened as the home of the Toronto Symphony Orchestra. There is a wide choice of hotels and restaurants and much to see.



Hotels range from the old and comfortable to the modern and plush. The Four Seasons in the trendy refurbished Victorian Yorkville district just north of the city centre is pricey but in common with others in the chain its service is impeccable.

The Hilton Harbour Castle has a large conference centre. It has a splendid view of Lake Ontario that seems further from the heart of the city than it really is. Ontario provincial conservative politicians eat breakfast in the Park Plaza close to the legislature and officials lunch in the Sans Souci, a restaurant whose lighting is gradually dimmed as the day progresses, in the Sutton Place Hotel. The charm of the small Windsor Arms takes the prize. This hotel is Toronto's equivalent of New York's Algonquin, a favourite of writers and the occasional film star. Its restaurant, the Three Small Rooms, can be variable but Sunday afternoon tea in a sitting room off the foyer is an old-style English treat.

For business lunches Winston's opposite the Bank of Montreal's office tower is a home-from-home for Toronto's backroom politicians. Napoleon's Restaurant on Grenville Street is reputed to be the most expensive in the city. But to appreciate the real Toronto the visitor should take a cab or street car away from the city centre to Joe Allan's Le Pigalle and Julien on King Street for a reasonably priced but pleasant dinner or go northwards to Rhodes on Young Street or west to Paris Brent on Markham Street—neither takes reservations or to Pronto's, an inventive Italian restaurant, a C$6 cab-ride from the city centre. Restaurant tips are expected to be 15 per cent. Taxi drivers usually expect you to round off the fare to the nearest dollar but for short distances 50 cents will do.

For any visitor to the city there are two sites not to be missed. The first is a trip up the CN Communications Tower, the largest free-standing building in the world, with a dizzy and dislocating view of the city. On a clear day you can see across the lake the mists of Niagara Falls, the second essential site. Skip the underground passages but take the boat which pushes its way into the spray and turbulent water at the base of the Falls.

The Royal Ontario Museum has recently been refurbished and offers an insight into earlier colonial days. The Toronto Art Gallery claims one of the largest collections of Henry Moore's sculptures. With a weekend to spare, travel north of the city to the hundreds of lakes and islands which dot the countryside. In winter there is skiing an hour's drive from the city but the slopes are not up to European or rocky mountain standards. During the summer there is a Shakespearian festival at Stratford and a Shaw festival at Niagara-on-the-Lake, one of the most charming villages in North America.

What no visitor should ever forget is to be prepared for the climate. For all the air-conditioning, central heating and underground passage-ways, heavy winter coats and hats that cover the ears are essential in winter. Even in April it can get very cold, particularly at night. In summer, wear lightweight suits—the average July temperature is 21.8 degrees Centigrade (71.2 deg F.).

THE ARTS

Exhibitions

Arts Week

F	S	Su	M	Tu	W	Th
6	7	8	9	10	11	12

PARIS

Claude Gellée or Le Lorrain (1600-1682), *as his name indicates*, was born in Lorraine but spent his creative years in Rome. He was a painter of luminous landscapes and a poet of the sea. He influenced Turner and Monet and was admired by Goethe and Keats. His love of nature charmed the English, yet his compatriots failed to appreciate him fully. Thus many of the oils, drawings and engravings in this exhibition, significantly organised on the initiative of the National Gallery of Washington, will be seen for the first time in France. Grand Palais. Closed Tue. Ends May 16 (260 3926)

Edouard Manet: An exceptional retrospective marks the 100th anniversary of the artist's death including Olympia, the Bar at the Folies Bergeres, Nana and Dejeuner sur l'Herbe. *Paintings, which* at the time created such a scandal, are now seen as classics in the tradition of Franz Hals and Velasquez, whom Manet revered. Yet at the same time they are a homage to one of the first impressionists and a pioneer of modern art. Grand Palais, April 16 – August 1, closed Tue., Late night Wed till 10pm (261 5410).

WEST GERMANY

Cologne, Rautenstrauch-Joost Museum: The only German venue of an exhibition featuring 2,000 Mexican wooden dance and death masks. Also Pre-Columbian objects on loan from the Instituto Nacional de Antropologia e Historia in Mexico City. *Ends May 15.*

Hanover, Kestner Gesellschaft, 16 Warmbüchenstrasse: The complete graphic work of Oskar Kokoschka, the Austrian *expressionist*, carefully guarded against *daylight* so as not to damage the delicate water colours and drawings. Ends May 15.

Cologne, Wallraf-Richartz-Museum, An der Rechtsschule: Irish art of three thousand years comprises virtually all Irish national treasures on loan from the Irish National Museum, Trinity College, Dublin, and Irish Academy of Sciences. Manuscripts, relics of Irish Saints and utensils from the workshop of Irish *monasteries; silverware; and gold* and silver jewellery. Ends June 2.

Mainz, Mittelrheinisches Landesmuseum, 49 Grosse Bleiche: In honour of the year's 500th anniversary of Martin Luther's birth, the museum is *showing original* drafts, documents, models and photographs recording the conception and realization of a number of public memorials to the great reformer in the 19th century. Closes at the end of May.

Bielefeld, Kulturhistorisches Museum, 61, Welle: Graphics, Coal drawings and sculptures by Otto Pankok, the German artist banned under the Nazi regime. Ends May 23.

Berlin, Staatliche Kunsthalle, 44-46 Budapester Strasse: Heinrich Vogeler retrospective containing paintings and drawings by the German artist (1872 to 1942) as well as furniture, china and silverware designed by him. Ends June 5.

Berlin, Bauhaus *Archiv*, 13-14 Klingelhöferstrasse: eighty oil paintings from between 1928 and 1982 by Georg Muche, the German Bauhaus *teacher, now aged 88. Ends June 12.*

ITALY

Venice, *Museo Correr: Eighteenth* century engraving. Ends June 5.

NEW YORK

Metropolitan Museum of Art: Those overwhelmed by the sheer volume of art at the Vatican will much appreciate the present loan of 230 choice pieces, including the Apollo Belvedere, Caravaggio's The Deposition and even modern pieces by Matisse in what the museum is calling its show of a decade. Ends June 12

CHICAGO

Museum of Contemporary Art: To complement the museum's self-appointed task of documenting American unschooled naif painters comes an exhibit of 47 unschooled German painters of the 20th century, among them Adalbert Trillhaase, the Bible-painting clerk who inspired Düsseldorf realists early this century. Ends May 22.

VIENNA

Hermes Villa, Lainzer Tiergarten: Heinrich von Ferstel – buildings and projects for Viennaa to commemorate the centennary of the birth, of the architect whose projects, realised and unrealised revolutionised the architecture of his time. The architects of the Votivkirche in Vienna is renowned not only for his "modern" designs but also for his use of new techniques. *His steel constructions*, often with a variety of costly stone, marble and bronze and his imaginative cafes, restaurants and private villas remain as witness to his rich talents.

BRUSSELS

Royal Palace of Laken's Greenhouses. Annual opening of the royal plant collections. Friday and Saturday evening *visits are floodlit. Ends May* 15.

Palais des Beaux Arts: Venetian drawing of the 18th century. Tiepolo, Piazetta, Piranesi, Guardi, Canaletto.

Societe Generale de Banque: 100 years of glass in Europe. Ends May 20.

Kredietbank: Young artists of Flanders.

Musee du Costume et de la Dentelle: From Worth to Chanel.

Theatre National (from 6pm to 11pm): British posters *1890–1980.*

Opera and Ballet

WEST GERMANY

Berlin Deutsche Oper: A new production of Jakob Lenz, a chamber opera by contemporary composer Wolfgang Rihm. This work is shown in Berlin for the first time and has Richard *Salter* and *William Dooley*. This week's highlight is Rossini's Semiramis, in a concert version with Montserrat Caballe and Samuel *Ramey. Der Fliegende Holländer is* presented with Katarina Ligendza and Martti Salminen. Further performances are Don Giovanni and *Otello both sung in Italian, as well* as Der Troubadour conducted by Herbert von Karajan. (34381).

Hamburg Staatsoper: Arabella produced by Otto Schenk, is premiering this month with Anna Tomowa Sintow in the title role. La Boheme, sung in Italian has Beatrice Haldas in the part of Mimi. Der Barbier von Sevilla with a cast headed by David Randall was revived triumphantly. Der Rosenkavalier features Doris Soffel as Octavian and Helen Donath in the part of Sophie. (35 11 51).

Frankfurt Opera: Der Wildschütz is new this week. Aida, conducted by Michael Gielen, has fine interpretations by Judith Telep-Ehrlich in the title role and Seppo Ruohonen as Radames. La Traviata convinces through the performance of Eugenia Moldov Anu in the title role. (25821).

Stuttgart Württembergisches Staatstheater: Turandot brings together Janis Joes and John Macurdy. The Magic Flute with Siegfried Jerusalem and Isabella Nawe is well worth the effort. Hans Werner Henze's Pollicino has been restaged this season. Harry Kupfer's highly acclaimed production of Wozzek is revived this week. La Traviata is sung in Italian. (20321)

Munich Bayerische Staatsoper: Acclaim for Orpheus und Eurydik. With Brigitte Fassbänder, Lucia Popp and Julie Kaufmann. This Otello has been said to have the *world's best cast in Margaret Price,* Piero Capaccilli and Carlo *Cossutta.* Fidelio features Hildegard Behrens and Norbert Schmnk. Die Verkaufte Braut is a fresh and delightful revival. (21851).

LONDON

Royal Opera, Covent Garden: The new production of Puccini's Manon Lescaut, reaches the Royal Opera stage after a rough birth period, but it has a *starry* cast – Te Kanawa, Domingo, Allen – and the rising Italian conductor Sinopoli as its surest assets. (240 1066).

English National Opera, Coliseum: Prokofiev's early opera The Gambler, loud, rough-edged, immensely exhilarating, has its first London production (by David Pountney). Also in repertory, further performance of the company's well-routined Fledermaus, and a revival of its no less well-tried but evergreen Magic Flute, with a promising cast of newcomers including Joan Rodgers and Glenn Winslade. (836 3161).

Royal Opera House, Covent Garden: *Sadler's Wells Royal Ballet with Peter Wright's Swan Lake.*

Sadler's Wells, Rosebery Avenue: Caracalla Dance Company opens with its Taming of the Shrew. (278 8916).

PARIS

Francis Poulenc's Dialogues Des Carmelites with the role of Blanche de la Force sung by Maria Ewing and that of Madame de Croissy by Regine Crespin alternates with Offenbach's La Belle Helene in a new production conducted by Alain Lombard at the Opera Comique (296 0611).

Colourful mimes, *Acrobats* and dancers of the Peking Opera at the Palais des Congres (758 1458).

VIENNA

Staatsoper (5324/2655): Capriccio, Luisa Miller, Fidelio.

Volksoper *(5324/2657): Der Zigeuner*baron, Die Lustige Witwe, Die Csardasfürstin, Der Wildschütz, Gasparone.

NEW YORK

New York City Ballet: The season continues under *its* new director Peter Martins with 40 works from the repertory, ranging from Balanchine's first American piece, Serenade (1934), *to four pieces premiered last* winter, by Martins, d'Amboise and Duell. New York State Theater, Lincoln Center (870 5570).

Alvin Ailey American Dance Theatre (City Center): Three local and one company premiere are part of the spring season of a company that has parlayed American gospel, Broadway and classical dance themes into a national institution of its own. (55th E. of 7th Av, 581 7907).

WASHINGTON

Ballet West: Mixed repertoire including Swan Lake. Opera House (Kennedy Center, 254 3770).

MAY FESTIVAL WIESBADEN

This year's festival has something for everybody. For ballet lovers there is Prokofiev's Romeo and Juliet and Khachaturian's Spartacus presented by Moscow's Bolshoi Theatre. Addicts of Grand Opera can enjoy Verdi's La Forza del Destino and Bellini's La Sonnambula *staged by the Teatro* San Carlo of Naples. One night is dedicated to Wagner's Flying Dutchman, another to the musical You Can't Dance in Wooden Shoes by the Amsterdam Cafe Theatre, Koopermoolen and another to Britten's War Requiem. There will also be a *Bartok, Dukas and* Saint-Saens concert. As well as drama, puppet shows, readings and divertissements (*to May 29*). Box office (06121–132325).

Neil McCaul, Toyah Willcox and James Warrior in Trafford Tanzi, at the Mermaid Theatre, London

Theatre

LONDON

A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a Unesco conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (Nehru in the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and *Diana Quick* as the actress in the middle of an ideological showdown. (928 2252).

Noises Off (Savoy): The funniest play *for years in London*, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of back*stage shenanigans* on tour with a third-rate farce is a key factor. (836 8888).

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to *adult maturity* in half an hour. (928 2252).

Trafford Tanzi (Mermaid): Exuberant play starring Toyah Wilcox that sets *the battle of the sexes* in a wrestling ring. This fringe success has re-opened the embattled City of London venue. (236 5568)

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. (836 8108)

Guys and Dolls (Olivier). A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for singing talents as well. (928 2252)

NEW YORK

Showboat (Gershwin): The newly re-named *Uris hosts the Houston Opera* revival of the 1927 Kern-Hammerstein musical with songs like Old Man River, starring Donald O'Connor. (51st W. of Broadway, 586 6510).

Duet for One (Roundabout): Eva Marie Saint brings to New York her starring role as the stricken concert performer facing her psychiatrist in Tom Kempinski's theatre a clef. (242 7800).

Brighton Beach Memoirs (Alvin): As usual, Neil Simon is more funny than touching even when recalling painful puberty in 1937 as his family struggles with the Depression, with an excellent cast led by *Matthew* Broderick as the aspiring teenage writer. (757 8646).

A View from the Bridge (Ambassador): Broadway and *Arthur Miller finally* have a hit for the new year – Arvin Brown's musty but true revival of the melodrama of forbidden love in *New York dockland. Tony LoBianco* may reach the full pitch of contrived despair too soon, but audiences love the schmaltz, even in an Italian accent. (239 6200)

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of *Mozart's life.* (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Carrie Fisher enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Nine (46th St): Two dozen women surround Raul Julia in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates *creativity, here as a series* of Tommy Tune's exciting scenes. (246 0246)

Cats (Winter Garden): Director Trevor *Nunn*, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262)

WASHINGTON

Buried child (Kreeger): Vintage Sam Shepard, a 1979 Pulitzer Prize winner, recounts a family reunion in which the returning son is not remembered by the rest of the family and garbage *ends up on the floor.* (Arena, 488 3300)

CHICAGO

The Dining Room (Goodman, 200 S. Columbus Dr.): A. R. Gurney Jnr's vision is confined by four walls, the four walls of a middle-class New England family as it changes with its inhabitants. (443 3800)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akume as the receptionist and Lily Monkus *as the authoritarian nurse.* (327 5588)

Gardenia (Goodman) John Guare picks a post-U.S. Civil War setting for his latest play, following up Bosoms and Neglect with idealism trying to set down roots in innocence.

Red River (Goodman Mainstage): Robert Woodruff directs David Mamet's translation of Pierre Laville's speculation on the lives of Bulgakov and Mayakovsky as the two Soviet writers struggle for their lives and work. (443 3800).

Music

NEW YORK

New York Philharmonic, Andrew Davis conducting. Vaughan Williams, *Elgar, Dvorak (Wed, Thur).* Avery Fisher Hall (874 2424).

Alfred Brendel, piano. Beethoven. (Mon, Thur). Carnegie Hall (247 7459).

Philip Glass with Philip Glass Ensemble. Paul Zukofsky, violin (Tue). Carnegie Hall (247 7459).

Guarneri String Quartet: Brahms festival (Tue, Thur). Kaufman Hall (1395 Lexington, at 92nd. 427 4410).

Music from Marlboro: Beethoven, Hindemith, Mozart (Mon). Alice Tully Hall (362 1911).

WASHINGTON

National Symphony: Peter Maag conducting. Emanuel Ax piano. Haydn, Mozart, Brahms (Tue, Wed, Thur). Concert Hall, Kennedy Center (254 3776).

Peabody Symphony: Peter Eros conducting, Ciao Pagano piano. Prado, Pone, Enriquez, Gould (Mon). Concert Hall, Kennedy Center (254 3776).

Terrace: Pamela Coburn, soprano recital. Schubert, Wolf, Puccini, Rachmaninoff, Bizet (Mon): Orpheus Chamber Ensemble, Richard Goode piano. Haydn, Mozart, Strauss, Bartok (Tue); John Browning piano recital. Debussy, Ravel, Liszt (Thur). Kennedy Center (254 9895).

CHICAGO

Chicago Symphony: Leonard Slatkin conducting, Donald Peck flute. Finzi, Telemann, Shostakovich (Wed, Thur). Orchestra Hall (435 8122).

VIENNA

Konzerthaus (721 211): Vienna Philharmonic, conductor *Lorin Maazel.* Opening concert of the Vienna Festival. Schubert and R. Strauss. (Thur 11am); NHK orchestra Tokyo, conductor *Wolfgang Sawallisch.* Walter Klien, piano. Schumann, Blacher, Mozart (Thur).

Secession. Festival of Ensembles representing *minimal and new music.* Ensemble 13 (Tue and Wed); Terry Riley (thur).

LONDON

Philharmonia Orchestra and Chorus conducted by Vladimir Ashkenazy with Sheila Armstrong, soprano, Ryland Davies, tenor and John Shirley-Quirk, baritone. Rachmaninov and Sibelius. Royal Festival Hall (Mon). (928 3191).

Philharmonia Orchestra conducted by Vernon Handley with John Lill, piano. Rossini, Rachmaninov and Elgar. Royal Festival Hall (Tue).

Bournemouth Symphony *Orchestra* and Chorus and Bournemouth Sinfonietta conducted by Uri Segal with Sheila Armstrong, soprano and Alfreda Hodgson, *contralto. Mahler's* second symphony. Royal Festival Hall (Wed).

English Bach Festival: London Oboe Band. *Purcell Room (Wed).* (928 3191).

Royal Philharmonic Orchestra conducted by Kurt Masur with Elisabeth Leonskaja, piano. Tchaikovsky and Bruckner. Royal Festival Hall (Thur).

English Chamber Orchestra and Tallis Chamber Choir conducted by Michael Tilson Thomas. Mozart and Beethoven. Barbican Hall (Thur). (638 8891).

PARIS

Chamber Music – Sylvie Carbonnel, piano, Nina Bodnar, violin, Herve Derrien, cello: Mozart, Chopin, Brahms trios (Mon) Radio France, Grand Auditorium (524 1516).

Inger Soedergren recital: Scarlatti, Beethoven, Schubert (Mon) Theatre des Champs Elysees (723 4777).

Arocea – choral festival 1983 (Mon) Salle Pleyel (563 8873)

Concert Lamoureux conducted by Jean-Claude Bernede: *Mozart's* coronation mass, requiem (Tue) La Madeleine Church (563 4434 11am – 4pm)

Orchestre Colonne conducted by P. Dervaux, Mark Zeltser, piano, Jean-Michel Vinit, horn: Fouad, Rachmaninov, Strauss (Tue) Theatre des *Champs Elysees.*

Ensemble Orchestral de Paris conducted by Claude Bardon, Sequeira Costa, piano, Jean-Pierre Wallez, violin: Beethoven, Hindemith, (Tue) Salle Gaveau (563 2030).

Orchestre National de la BRT conducted by Yeugeny Svetlanov, Victor *Tretiakov, violin: Beethoven,* Glazounov, Tchaikovsky's Pathetique Symphony (Tue) Salle Pleyel.

Nouvel Orchestre Philharmonique conducted by *Jerzy Semkov*, Stephen Bishop-Kovacevich, piano: Mozart (Wed) Radio France, Grand Auditorium.

ZURICH

Tonhalle: Tonhalle Orchestra conducted by *Moshe Atzmon with Karl Engel* piano. Brahms and Mozart. (Tue 8.15pm). (01-201 1580).

Cinema/Nigel Andrews

Roeg's gallery of wonders

Eureka
Educating Rita
The Beastmaster

Jane Lapotaire, Gene Hackman, Theresa Russell and Rutger Hauer in "Eureka"

An underground river explodes early on in Nicolas Roeg's *Eureka*, shooting prospector Gene Hackman and a geyser of liquid gold out into the Yukon snowscape. The scene isn't designed as a metaphor for Roeg's own movies, but it well might be. Take the icy and too too solid tundras of commercial cinema. Insert Roeg deep inside them to quest for gold; and sooner or later the British genie will whoosh forth, with a nugget or several, the suddenness of his epiphany shocking all who happen to be passing by.

Eureka is a complicated but amazing movie: a blast of atonal spectacle, shot in thrilling colours and in Roeg's vivid time-chopping style, building a megalith of tragedy round the story of gold-discoverer Jack McCann *(Hackman)*. After its Yukon prelude, most of the whirligig tale of greed, passion and fractured happiness takes place *on McCann's* private Caribbean island, where 25 years after striking it rich he lives, a lonely millionaire, *surrounded by a torn* family and a siege-army of brute gangland deal-seekers.

The first consists of tippling, gracious, *bird-like wife Helen* (Jane Lapotaire), *strong-willed* and husky-beautiful daughter Tracy (Theresa Russell) and *boorish, dilettante French son*-in-law Claude (Rutger Hauer). The second is spearheaded by Joe Pesci as "Mayakovsky," a *Jewish mobster wheeling* and dealing to build a casino on McCann's land.

Like a giant collage painting, *Eureka* has clearly discernible harmonies of theme and story and colour, but they're shaped and trajectoried in wholly startling ways. Scripted by Paul Mayersberg (who screenwrote Roeg's *The Man Who Fell To Earth)*, the movie is about the battle for a man's body and soul—about the vultures who gather round the millionaire at first scent of mortality—and it climaxes in a grisly murder, McCann's own.

One night riotous with rain and thunder, he's beaten, blow-lamped and beheaded in his bedroom by a caucus of mobster hit-men; trailed after by the ashen, ghostly camp-follower Claude. (The film's story was culled from the killing of millionaire Sir Harry *Oakes in Nassau in 1943. His* French son-in-law was tried for and acquitted of, the murder).

Roeg builds a majestic metaphorical echo-chamber round the two-pronged cannibalism of this murder, and the imbroglio of greed and desire leading up to *it. The* gangsters want the "body"—the territorial effects, the property, the real estate. The sickly-ruthless son-in-law, who loves Tracy as soul-heir to *her magical father and shrine* of his inner strength, wants the secrets of McCann the Achiever's "soul". Killing him *is a spiritual* cannibalism.

Hold tight to the movie's most forward themes, as to the fore-rail of a rollercoaster car, and *Eureka may well give you* the most exhilarating film ride of the year. And the fairground invocation is apt. There are characters who rear up like sudden spectres at the push of a lever: Helena Kallianotes throatily magnificent in the Yukon *prologue as the whore*-enchantress who has seen McCann's hunger change from sex to gold; in the Carribbean, *whispery-explosive* Mickey Rourke as Mayakovsky's suave lawyer-assistant and later Tracy's one-night lover.

There are fly-by mythic allusions that brush your face (to Greek legend, to *The Ring*, to alchemy). There is a fierce flux of visual sensation as Roeg thunders out the elemental imagery of moon and snows and storms and fire. And there are giddying, catalytic moments of narrative gear-change: notably when McCann's murder, suddenly cutting off the grizzled and towering charisma of star Hackman, presages not a smooth *rallentando* to the movie's end but a *whole new* extension of the journey. We're pitched into a surreal and eerie-lit courtroom confrontation between Tracy and defendant Claude, he conducting his own defence, she unpicking the truths of their marriage like raw and glistening *scabs.*

Like *Performance* or *Don't Look Now* or *Bad Timing*, Roeg's film is often uncomfortable and difficult and sometimes downright mind-scrambling. But it's also magnificent. No film-maker today prospects so intrepidly for the truth about human relationships, and the grisly elemental desires and fears that underpin them or well up after consummation.

★

Educating Rita is the film of Willy Russell's play, adapted by himself, about the raw and breezy Liverpudlienne (Julie Walters) who wants to better herself and the whisky-prone English Literature don (Michael Caine) who teaches her and is on the receiving end of her wayward I.Q. and ambitions.

"I'm tryin' to deescoover mee-sairlf" she cheerfully shrills at him, as Caine nods politely and tries to retreat into a large bottle of White Horse. And later, after he shows her his critical acumen, she shows him hers. "Friggin' Forster, he gets on my tits." Caine gamely tries to draw her out. "Do you know Yeats?" "The wine lodge?" And after many a seminar sighs the don.

At first, Russell and director Lewis Gilbert look as if they're tumbling—with a long and agonised "Yeoww"—into the deepest-fathomed fatuities of the "opening out" school of play adaptation. Filmic aeration here takes the form of M. Caine waddling across the campus quadrangle every two minutes or so saying "Good morning" to people.

But soon the scenic mobility takes on more point and punch: with tiffs and tantrums in Rita's house shared with male chauvinist hubby Denny *(Malcolm* Douglas), or with Professor Caine grappling stoically with a lectern during a drunken lecture.

The two main performances are a joy. Miss Walters strangles the English language under *a puffball of blonde hair* and between gobstopper cheeks. Her bustling tight-skirted walk, tippling atop high heels, brilliantly *suggests an idée fixe in* perpetual motion. Michael Caine wears an ill-kempt beard that looks as if he's being attacked by a small flying sheep, and his seedy jackets are strained to rupture point by expanding girth. Caine has the best deadpan comic timing of any straight(ish) actor on the screen today. And it takes nerve of a high order for a movie star to combine this much underplaying with looking like something the cat would have left outside.

Educating Rita coagulates into sentimentality near the close, with Mr Caine falling for Miss Walters even as he knows he's "liberating" her into the arms of her young campus peers. But until then it's full of wit, wisdom and a funny-woebegone humanity.

★

The Beastmaster, deeply gouged from the mists of folklore, is 40-carat claptrap. Flexing bronze biceps, an off-the-pelvis animal pelt and a blinding set of molars, Marc Singer is "Dar," hero and freedom-fighter, sworn to the destruction of "Maax," played with a false nose by Rip Torn. A bevy of animals accompany Dar on his battle-fraught journey towards the pyramid where Maax reigns supreme, having no doubt—who knows how brutally?—disposed of Spencer.

The said animals are a black panther, a mighty eagle and two long furry rat-like creatures whose genus is obscure. These assorted beasts lend him (i) strength, (ii) aerial vision and (iii) rodent cunning. When one of the latter creatures—let's call them rats and have done with it—heroically sacrifices its life by jumping on the face of Rip Torn and trying to dislodge his false nose, the ensuing close-up of its mate's whisker-twitching bereavement sent a quavery "Aaah" all through the audience.

Once or twice director Don Coscarelli (of *Phantasm*) picks up his paintbrush and limns for us a grand and fiery composition from out the furnaces of folklore; aided by Stanley Kubrick's cameraman John Alcott. But elsewhere *The Beastmaster* is strictly for children, mythophiliacs and rodent-lovers of all ages.

★

Finally, keep an eye peeled for James Scott's short film *A Shocking Accident*, currently escorting *Tootsie* round the circuits. Scott has wittily and imaginatively adapted Graham Greene's original story about a boy, a father and a falling pig, and the film won this year's Oscar for Best Short.

Plans for 1983 Henry Wood Promenade concerts

Plans for this year's Henry Wood Promenade Concerts, the 89th season, were announced *yesterday by Robert Ponsonby*, the BBC's Controller of Music. The series opens on July 22 in the Royal Albert Hall with Sir *John Pritchard* conducting the BBC Symphony Orchestra and Chorus, with Ileana Cotrubas and Robert Tear, in Beethoven's *Mass in C Major*, Wagner's *Trauermusik* and Berlioz's *Symphonie funèbre et triomphale.*

Three Polish composers will conduct their own works: Penderecki on July 31, Lutoslawski on August 30 and Panufnik on September 14. The Proms 83 brochure contains an informative essay on all three by Nigel Osborne. And, to complete the Polish connection, Szymanowski's *Third Symphony* will be conducted by Norman Del Mar on the last night, September 17.

New works have been commissioned from Elizabeth Maconchy (July 26), Dominic Muldowney (July 27) and Elliott Carter (August 7). There are first Proms performances for Peter Maxwell Davies's *Sinfonia Concertante* (August 12) and Robert Saxton's *The Ring of Eternity* conducted by Oliver Knussen (August 24).

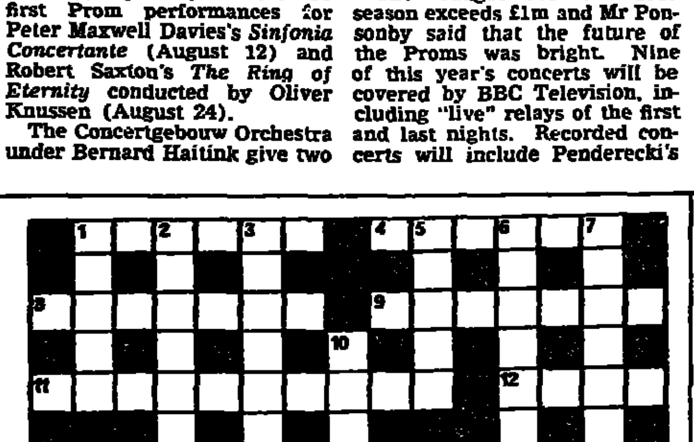
The Concertgebouw Orchestra under Bernard Haitink give two concerts on September 3 and 5 (Bruckner's Ninth and Shostakovich's Eighth) and the Israel Philharmonic under Zubin Mehta appear on September 11 and 12. The Glyndebourne Festival Opera perform Rossini's *La Cenerentola* on August 11 and there is an all night concert of Indian Rags on September 3-4.

The budget for the 1983 season exceeds £1m and Mr Ponsonby said that the future of the Proms was bright. Nine of this year's concerts will be covered by BBC Television, including "live" relays of the first and last nights. Recorded concerts will include Penderecki's *St Luke's Passion*, Mahler's *Das Lied von der Erde*, and the American programme of Bernstein, Copland and Gershwin on August 20.

All the Proms will be broadcast "live" on Radio 3, and Radio 4 will join Radio 3 in simultaneous broadcasts of the *last* four Thursdays of the season. Postal bookings will be taken from June 20 and should be addressed to Promenade Concerts, Box Office, Royal Albert Hall, London SW7 2AU, using the Proms booking form and enclosing s.a.e.

M.C.

F.T. CROSSWORD PUZZLE No. 5,164



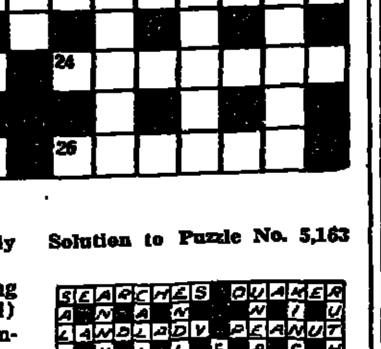
ACROSS

1, 4 The limits of transport, figuratively speaking? (6, 6)
8, 9 Non-18 across islander, turned thirty: coup risk? (7, 7)
11 *Almost spring-like*, a curl is coiled, in common parlance (10)
12 Stone unknown after last stages of matrimony (4)
13 Italian food, not French, thanks (5)
14 Southern issue of paper—it's against the government (8)
16 French shepherd gets bill from Jersey copper (8)
18 Mysterious tongue with a word for it (5)
20 Traffic in Kent (4)
21 Depressed, in special trouble? Slip into bed! (6-4)
23, 24 Late education desired by social egalitarians? (7, 7)
25, 26 Flexible structure at the card table? (6, 6)

DOWN

1 Common sense at start of election is futile (2, 3)
2 Constituents that graduated at London or Cambridge? (7)
3 Simple professorship? (4, 5)
5 Egg-producing stratum? (5)
6 Happen to show the door (4, 3)
7 Bad boyo, with baby-bringer about, should end happily (5, 4)
10 Narrow escape from visiting the Dean and Chapter? (5, 4)
13 One who goes in for jamming may get life (9)
15 Means of keeping parson on the leash? (3-6)
17 Go blind when injured by high-class writer (4, 3)
19 How the customs are cut out? (7)
21 Money to take care of: write this in French (5)
22 Temperamental actresses might make one (5)

Solution to Puzzle No. 5,163



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday May 6 1983

The case for Volcker

BY AUGUST President Reagan will have to decide whether to choose a new chairman of the Federal Reserve System or to invite Paul Volcker to continue for another four-year term. The case for Mr Volcker remaining at his post is a strong one, both objectively and from the international point of view. *But more* is required than that—President Reagan must be convinced that he has more to lose than to gain by Paul Volcker's replacement when, and if, he chooses to seek re-election as President in 1984.

U.S. internal politics aside, Mr Volcker's achievement over the *last four years has been to* restore trust in the real value of the U.S. dollar. The phase of monetary self-discipline which he embarked upon in the autumn of 1979 caused economic pain inside the U.S. and abroad. It pushed dollar interest rates to unprecedented levels and thus burdened companies and countries which had made floating rate borrowing a habit. It gave the U.S. dollar a strength which increased the costs of many other countries' imports and thus forced them to pursue matching interest rate policies of their own.

There were many detailed criticisms of the implementation of the Fed's new monetary policy but the net effect was that inflation in the U.S. came down from 14 per cent to 4 per cent and, more important still, Mr Volcker began to embody a determination that it should stay down. The benefits could then start to flow. Having demonstrated a fixity of purpose the Fed chairman could begin to experiment with greater flexibility in the way he pursued it. When the mounting cash crisis of corporations and countries began to threaten the banking system in the middle of last year, Mr Volcker was able to ease up on his monetary policies without reviving inflation phobia in the financial markets.

Reassuring

This combination of long-term determination with short term pragmatism is reassuring to other governments. Mr Volcker is not dogmatically against a limited amount of exchange rate intervention to tone down the abrupt movements of floating currencies. He is aware of the *dangers that still threaten the* international banking system. He showed his value as a "banker's central banker" last year in dealing with the Latin American credit crisis and one wonders *how successfully an* untried successor would deal with banking problems which may still lie ahead.

The trust in the Federal Reserve has reached a point where long term dollar financial assets are once again becoming an acceptable form of investment. The U.S. investor has rediscovered his enthusiasm for shares and pushed the stock market in Wall Street sharply upwards. The bond market has re-opened for U.S. corporations. This renewed viability of long-term funding, whether of companies or of budget deficits, is an essential ingredient in getting U.S. short-term interest rates down and the dollar exchange rate back towards a more realistic level.

But President Reagan has more on his mind than foreign enthusiasm and the virtuous circle of post-inflationary finance as he ponders Mr Volcker's re-appointment. With re-election as his aim he may feel the need to attract more credit to himself for the success against inflation and to associate Paul Volcker with a phase of recession now behind us. He knows that the *U.S. economic recovery still* looks fragile and he may fear that Mr Volcker will perceive a need to tighten money in the run up to the Presidential election. He may, quite simply, want to seize the infrequent opportunity to put his own man, "a team player," in the powerful post of Fed chairman.

Fragile

The fact remains that if President Reagan seeks to improve the climate for his re-election by choosing his own man he risks creating exactly the finan*cial conditions he is anxious to* avoid. The mere existence of a political appointee at the Fed will threaten the fragile belief in the U.S. financial markets that inflation is under control. Wall Street would return to the obsessive Fed-watching of two years ago and would almost certainly take fright at any attempt to engineer friendly monetary conditions in the build-up to an election.

If he decides to run for re-election President Reagan will have a number of tricky currents to negotiate in matters of *defence, foreign policy* and government spending, but monetary policy need not be one of them. The Fed has provided him with an achievement that he would do well to hold onto.

A caution from the Governor

CENTRAL BANKERS are, in the nature of things, cautious animals. It was thus only to be expected that the Governor of the Bank of England, Lord Richardson, should fire a cautionary shot over the bows of the Building Societies Association in discussing the future role of the building societies at the association's annual conference yesterday.

In January the societies asked for new legislation to permit them to carry out their traditional job more effectively, and, more controversially, to allow *them to diversify into businesses* such as estate agency, insurance, conveyancing and commercial banking. As well as calling for increased financial and managerial resources, most of these activities would involve substantially increased risk. It is far from clear that the building societies had grasped the full implications, particularly in terms of capital adequacy, of what they were proposing. Lord Richardson's strictures are to that extent salutary.

The nub of the Governor's message is that the building societies do indeed need to change to meet a number of pressing challenges. The clearing banks are muscling in on their traditional mortgage business and it is only fair that legislative curbs which prevent the building societies from innovating in this area should be relaxed.

Case

Similarly there is a powerful case for legislative change to reduce some of the disadvantages under which the building societies labour in attracting funds. They have been able to *maintain their position in the* personal savings market in competitive conditions only by running down their operating surpluses, a cost which has largely been hidden in recent figures by capital gains on gilt-edged securities. And they have also taken to the wholesale money markets to bolster their deposit base.

In these circumstances the inability to offer a comprehensive money transmission service, to take one obvious example, is a legal handicap vis a vis the clearing banks that looks in*creasingly unjust* and *does* little to foster competition in the market.

Even *in these limited areas,* however, change makes big demands on building society management. And when it comes to setting up banks, licensed deposit-takers and insurance companies, Lord Richardson clearly has his doubts. A rapid diversification by a few societies could, he thinks, affect the public image of a movement in which great goodwill attaches to the traditional name and status of the building societies.

Moreover, the present accountability of building societies has been widely questioned. Wider diversification would involve wider discretionary power and responsibility for the directors. Clearer accountability to shareholders, which the building societies themselves seem reluctant to contemplate, would *surely be called for* in the event of a conglomerate move.

The overwhelming argument in favour of making haste slowly concerns prudential control. At present building societies maintain reserves equivalent to about 4 per cent of their assets. This is more than adequate for their present low-risk lending business, but quite inadequate for the wider role envisaged in the Building Societies Association's January report.

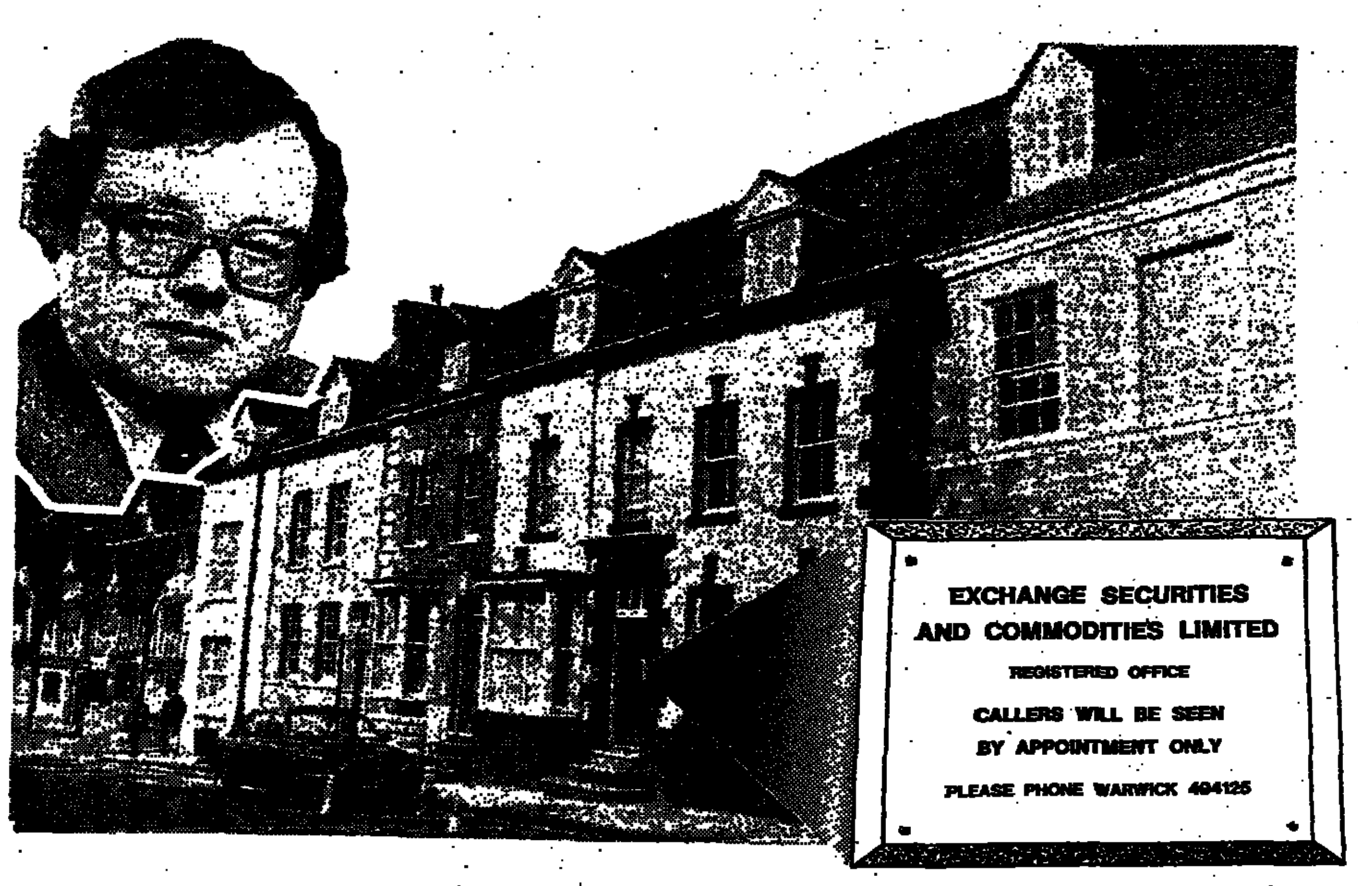
To operate on a grander scale the societies would have to accummulate substantial reserves and be prepared to submit to far greater supervision. And Lord Richardson justly pours cold water on the curious assertion in the report that by setting up banking subsidiaries, the building societies could insulate their own depositors from most of the risk of loss. The Bank, with supervisory responsibility for the subsidiary, would insist that the parent stood behind the subsidiary's depositors.

It will do no harm for the building societies to confront these home truths. But Lord Richardson's parting shot should not be allowed to discourage measured steps towards diversification. The building societies have shown greater responsiveness to consumers than the clearing banks and represent a *potential force for innovation* in a sector where more competition is all to the good.

THE KEITH HUNT STORY

An empire that never was

By Clive Wolman



THE meteoric rise of Keith Hunt, a 34-year-old Warwick investment manager and commodity speculator, came to an abrupt end in an early morning car chase through the streets of West London just three weeks ago.

Mr Hunt shook off the two *members of his staff who* were in hot pursuit and has not been seen since. At the time of his disappearance, he was taking in funds at a rate of £500,000 a week from clients impressed by his remarkable claim to have achieved an average annual return of 88 per cent over the five years he had been *in* business. In the last 12 months the funds under his management had grown from about £7m to £18m.

His chief companies are now facing imminent liquidation and £11m of clients' money is so far unaccounted for. Many of *his 2,000 clients now regret* that they did not follow the advice he gave regularly in letters to them: that once they had made 100 per cent profits, they should withdraw their original capital from what, he emphasised, was a high risk investment.

But as Mr Hunt may have realised, his advice normally had the opposite effect—it persuaded his clients to keep their money invested with a cautious man whom they could trust in the hope of almost doubling their investment every year.

The story of his rise and fall is a complex one but there is no doubt that Mr Hunt had a remarkable record as an analyst of commodity price movements. He won a Prestel competition last year for correctly forecasting the price of gold and frequently gave informal forecasts of perfect *accuracy to his clients and staff*

One of Mr Hunt's oldest clients, Mr Joe Shaoul, secretary of the quoted Manchester property company Regentcrest which also invested with Mr Hunt, says: "He has a superb analytical brain. He was right about the markets nine times out of ten. But he was under tremendous mental strain. I told him on several occasions not to build an empire. I think the animal he created got out of control."

"He was a maniac for data," says Mrs Eli Gifford, a leading *technical analyst at City com*modity brokers Rudolf Wolff. "He did far more research than anyone else I have ever seen in my life. He did a lot of valuable analysis in areas most people don't understand."

Yet Mr Hunt took little notice of current affairs or of events which might move the markets he was following. The only subjects he would read about in the newspapers were fraud cases, about which, his staff say, he had an encyclopaedic knowledge, and the seedier types of crime.

About the effect of the latest black-pod disease on the Ghanaian cocoa crop, a breakdown in the international sugar agreement or a fall in the stocks of slab zinc held by smelters, Mr Hunt knew nothing and wanted to know nothing.

"I don't want my judgment clouded," he said in an interview in March. "I don't know how to quantify the importance of a piece of news in the market place." Similarly, he insisted on working in Warwick—where he was brought up and where his father is a local councillor—to keep away "from the rumour-mongering of the City

His distaste for the City was reflected in his claim to have created a network of dealing companies which allowed him

£11m of clients' money so far unaccounted for

to deal in the market without being recognised or followed by other speculators, "I have constructed an entire anonymous facade," he said in March.

His style of working was unusual: he would always lock himself up alone in his office before supposedly placing orders to buy or sell futures contracts. When the monthly client statements were due to be drawn up, Mr Hunt would merely inform his accounting staff of the transactions and profits he had made—and no one could check his claims.

He always assigned specific tasks to his research team and no one, except himself, was ever allowed to piece together the results and make decisions as to whether to enter the market. Thus his entire staff was dependent on him to bring in the money necessary to keep his organisation afloat.

But to many of his clients Mr Hunt seemed a model dealer. He focused all his efforts and those of his 40-strong research team on one factor alone, movements in the market price. He had a voracious appetite for data on the price history of nearly every commodity futures contract, and many stocks and shares, dating back to the Second World War.

"Price movements are the only thing I can measure and be certain about," he said. "All the news—everything—is in there, in the price."

He claimed his analysis was much more sophisticated than that of the chartists whose methods he dismissed as "primitive mechanical trading systems." His method, he said, involved highlighting some periods of price behaviour and ignoring others he considered anomalous, for example the 1974-75 stock exchange collapse and subsequent bounce-back.

"When gold was shooting up, some clients phoned me to ask why we weren't in the market," he said. "I told them that if they didn't like what I was doing, they could pull out their money. I may be boring but I'm consistent."

Part of Mr Hunt's appeal to investors was that, for a commodity speculator, he claimed to adopt an approach of extreme caution. "I am a taker of calculated risks, but only when I can calculate them objectively and clinically," he said. "I won't take up a position unless the probability of being right is over 90 per cent."

Even when he took the plunge, according to the statements he sent monthly to his clients, he never claimed to be perfect: the price would move against him on perhaps one *occasion in three.* The reason might be an unanticipated change in the fundamentals, for example a Peruvian copper-mine strike. On such occasions, he said, he would cut his losses immediately, after possibly only a few hours in the market.

But if the price moved as he forecast, he claimed that he would maintain his position for an average of two weeks until his computer's various forward projections started to disagree with each other. Even then, he said, he hardly ever committed more than 15 per cent of his clients' money to any one position. He claimed to take only a 15 per cent cut of the net profits *(after offsetting losses)* he made for his clients each year. His senior executives now believe that this was probably just sufficient to cover his overhead

Mr Hunt first became interested in commodities in the mid 1970s, after leaving Manchester University where he studied law. He said he made a lot of money dealing on his own account in the cocoa futures market and then lost most of it. In 1977, he worked for about six months at Birmingham stockbrokers Smith, Keene and Cutler. In his spare *time, he made money for him*self and some of the partners by commodity speculation and eventually they helped to set him up in business by himself in Warwick.

"He seemed to be forecasting correctly and there is no doubt he was actually making the money he claimed" says Mr Roger Wood, the senior partner. Even up to a few months ago, he said, he could telephone Mr Hunt and be told what positions he had opened in the market—and then follow subsequent price movements. "He nearly always seemed to get it right."

Through Mr Wood, Mr Hunt met Mr Joe Shaoul and, subsequently other Manchester businessmen. The large majority of his early clients, before he began advertising in 1981, came from the Manchester area, and their money accounts for the bulk of the £4m to £4.5m in a special managed account with a restricted membership which was controlled by Mr Hunt personally. This account was constructed in such a way that futures market transactions would be considered bets

Resignation of auditors first hint of trouble

by the tax man. Profits from bets are not taxed.

In his early days as an invest*ment manager, Mr Hunt lived* with his parents and then moved to a single attic room in a house owned by his father. He subsequently took over the rest of the house for his first set of offices. But while the rest of the building was lavishly furnished and carpeted, he left his own attic room untouched.

In his first four years, he built up his staff slowly concentrating on the employment of assistants to do the more routine research. He himself followed a punishing routine, getting up at 3.30 most mornings and working in his dressing gown with his computer analysing the previous day's price movements. "It allows me four hours work without any interruption or any fear of interruption," he said softly but intensely.

A year ago, as his organisation started to grow at an accelerating pace, he fell seriously ill and the 20-stone Mr Hunt was ordered by his doctor to take a rest at the health farm, Champneys.

Boosted by the success of his first advertising campaign in 1981, Mr Hunt's ambitions soared. He began to talk about setting up a general financial services company modelled on Merrill Lynch.

Meanwhile he also embarked on a £1.5m spending spree on office property and public buildings in Warwick and Leamington Spa. He also bought an 18th century country house he was intending to restore. He had a keen interest in art and architecture and began attending auctions frequently. Crate-loads of paintings costing a total of £1m were delivered to his offices.

The first indications of trouble came last August when Peat, Marwick, Mitchell resigned as auditors of his chief investment company, Exchange Securities and Commodities, with the accounts for 18 months to September 1981 still unpublished. The reason they gave was that Mr Hunt had refused to allow them to scrutinise the transactions between ESC and the other 25 Hunt companies. Their successors, Chadwick and Co of Manchester, completed the audit for the period up to September 30, 1981. No accounts have been prepared for subsequent periods.

The Department of Trade first took an interest in Mr Hunt's activities in October and November when he bought up three dormant licensed dealerships as a way of entering the field of more general investment management without having to apply for a DOT licence directly. Later, however, he also applied for a licence in his own right and it was this which eventually prompted the DOT investigation in mid-March.

But, as the DoT officials delved into the convoluted relationships between the Hunt companies and failed to receive any records of his transactions in the market or details of where his clients' money had been placed, the pressures built up on Mr Hunt. Always anxious to avoid confrontation, he packed his personal belongings, emptied at least one of his bank accounts of £57,000 and left without trace.

Shortly before his departure, Mr Hunt, under pressure from his executives, contracted to purchase a £100,000 computer system to impose some order on his accounts. This would have kept separate individual client accounts and would have compelled Mr Hunt to make an entry every time he opened a position in the futures markets.

In March Mr Hunt was asked whether all this recent organisational activity would not divert him from his investment research or cause him to lose interest. He pursed his lips and his eyes glinted fiercely. "You have to decide where you want to go and how to be efficient going in the direction you choose," he said. 'Most people are totally undirectional, but I have chosen my direction."

Men & Matters

Sotheby's bid extra

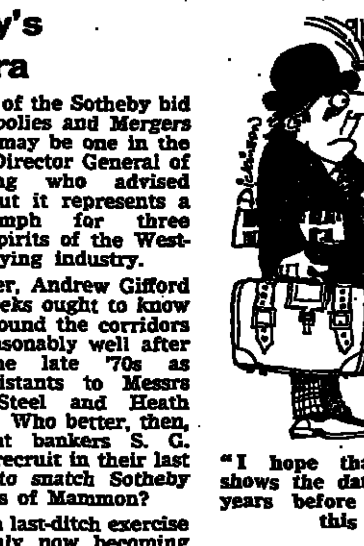
The referral of the Sotheby bid to the Monopolies and Mergers Commission may be one in the eye for the Director General of Fair Trading who advised against it, but it represents a signal triumph for three pioneering spirits of the Westminster lobbying industry.

Jenny Jeger, Andrew Gifford and *Wilf Weeks* ought to know their way around the corridors of power reasonably well after spending the late '70s as political assistants to Messrs Callaghan, Steel and Heath respectively. Who better, then, for merchant bankers S. G. Warburg to recruit in their last *minute bid to snatch* Sotheby from the jaws of Mammon?

Just what a last-ditch exercise it was is only now becoming apparent. Warburg called up the trio's lobbying agency, GJW Government Relations, as late as April 22, presumably just as all else looked like failing. Sotheby's bewildered management was given a crash course on the realities of power over the following weekend.

Long lists of friends in high places, hastily prepared by Sotheby's, were discarded in favour of a few key names, notably a handful of Tory backwoodsmen on the backbench trade committee. Half a dozen letters were then fired off at Trade Secretary Lord Cockfield, it seems, and most effective they have proved.

Not surprisingly, this has all struck bankers Morgan Grenfell *as being a touch on the fast* side. As advisers to the U.S. bidders Morgan Grenfell worked hard on its own lobbying, drawing letters of support from the Dean of Harvard through top New York bankers to the chairman of the American Stock Exchange no less. But they all went straight to the Office of Fair Trading.



"I hope that watch also shows the date guv, it'll be years before they electrify this line."

"We thought it would be singularly inappropriate to lobby the Trade Minister directly," says Morgan Grenfell's Roger Seelig. "We made the fullest possible representations to the OFT. More than that we could not do." Not so, it now appears.

Deeds of youth

Adrian Collins emerges from yesterday's £9m Exco International deal with Gartmore to find himself at the age of 29 with overall responsibility for assets of £1.2bn.

Formerly in charge of Gartmore's unit trust side alone, Collins will take investment trust, pension fund and insurance accounts too, under his wing as the new managing director of Gartmore Investment Management.

His reaction yesterday was typically modest. He paid tribute to what he describes as "the large number of talented people we have on board."

But anyone who thinks the willowy youth is ill-qualified for the challenge ahead ignores Collins's impressive record.

Having left school at 17, he was given a thorough grounding in the City at Jessel Britannia, the unit trust outfit sold to Slater Walker in 1974 and now part of Britannia Arrow.

Collins joined Gartmore in 1975 when its unit trust funds totalled a mere £450,000. With only one acquisition along the way, he has helped build this operation to its present prominent position in the industry with funds of £160m.

Following the new link with Exco (an all-share deal which raises the stake of Gartmore's *previous owner* British and Commonwealth in the money brokers to 18.3 per cent) the aim is to expand internationally.

Japan and the U.S. will be Gartmore's main targets. "After all, along with the UK, these are the places where the big pots of money are to be found," says Collins.

Profit motive

The Chinese authorities have come to a new understanding with that ancient capitalist tool—money.

Margaret Jack, aged 32, a Hong Kong Chinese herself and a partner of Price Waterhouse Hong Kong, would not describe the Chinese attitude quite so bluntly. But that is the gist of what she will be telling *about 100 of her* colleagues when she makes a series of presentations to them in London today on the latest Chinese attitudes towards foreign investment.

Married to an Australian who is also a PW accountant, and *with one child, she nevertheless* manages to divide her time almost equally between the PW Hong Kong and Peking offices.

She is assuring potential industrial punters in the Chinese market that they will be able to get their profits out . . . "It is guaranteed by the Chinese government," she says.

But rather than talk in such stark terms as profits and money she prefers the oblique quality of the Chinese way. The Chinese government, she says, is now operating a "responsibility" system whereby per*formance in industry is being* measured by—wait for it—profits.

The complete Chinese law governing taxation and profits repatriation for foreign companies investing in China runs to only some 10 pages in its revised 1980 form, she says. "But books can be written on the application of that law in practice," she adds.

Order of merit

High praise for Lord Carrington from Helmut Schmidt. The former West German Chancellor starts an article in this week's Die Zeit by calling Carrington "the best Western foreign minister of the late seventies and early eighties."

But wait. Has Schmidt forgotten his own foreign minister Hans Dietrich Genscher, who led his Free Democratic Party out of the Bonn centre-left coalition last autumn?

On the contrary, Schmidt remembers Genscher all too well, I am assured. Carrington it is.

In short

From a Yorkshire newspaper report—Commenting on the disposal arrangements, the chairman said: "It is simply that we have decided to channel our efforts into the ever-growing *field of contracting.*"

Observer

U.S. CHEMICALS

The shadow of overcapacity

By Carla Rapoport, Chemicals Correspondent

THERE MAY be an economic recovery on the way in the U.S., but it's not making Mr Irwin Levowitz any happier. Mr Levowitz is a vice-president at Exxon Chemicals in Houston, Texas. As far as he's concerned, this is a recovery which the U.S. chemical industry needs to ignore.

"We're probably going to see a bad situation get a little bit better. But this industry is still plagued by low growth rates and significant overcapacity. We have a fundamental structural problem in commodity chemicals which is going to take at least two more painful years to sort out," he says. Commodity products are the basic chemicals from which plastics, resin and solvents are made.

Mr Levowitz, and many others like him, fear that the new stirrings in demand will weaken the industry's resolve to make further, necessary cuts in capacity and manpower. At Exxon alone, bulk petrochemical capacity has been shrunk by nearly a third in the last year—but even this, Mr Levowitz reckons, is not enough. Demand patterns remain so uncertain and other companies have yet to be so ruthless on capacity cuts.

Indeed, the central feature of this giant $185bn-a-year industry is that companies—from the largest to the smallest—are running hard to get away from the troubles of the heavily depressed commodity chemical business.

Genetically engineered pesticides, graphite fibres, new solvents for the aerospace and automobile industries, pharmaceuticals, chemicals for semiconductor circuitry—these are some of the speciality, higher value-added areas on which chemical companies are now concentrating.

As for petrochemicals, such as polyvinyl chloride (PVC) and the versatile polyethylenes, words like "gut-wrenching" and "disastrous" and "lousy" are repeated in annual reports as if to absolve the companies, at least partially, for particularly bad performance of these bulk commodities in 1982.

Almost every company says that it has cut jobs, reduced fixed costs and shut substantial spare capacity with the result that many companies can break even in commodity products even if they are running only at 55 to 60 per cent of capacity.

But despite these vigorous efforts to slim and diversify, the industry remains sick and is likely to remain so for some time. Mr Levowitz's fundamental problem remains: too many players are chasing too little demand.

Traditionally, a handful of large companies—such as Du Pont in Delaware, Dow Chemical in Michigan, Monsanto in Missouri and Union Carbide, a new resident of Connecticut—dominated the U.S. chemical market, effectively setting prices and discouraging most new competitors.

Following the 1973-74 oil crisis, however, the oil companies piled into the business in earnest, stumping up more than $16bn of the $25bn which the industry invested in new plant during the past 10 years. Today, about 30 companies make ethylene, a basic petrochemical which turns up in almost everything the industry produces, and more than half of them are oil companies.

This investment led to a collosal "overhang situation," as the Americans call it. Capacity hit a peak of around 40bn lb by late 1981, while demand last year limped in at less than 25bn lb. Significantly, the oil companies' share of total capacity had crept up from less than 40 per cent of the total in 1975 to nearly 55 per cent in 1981.

Mothballing of capacity began in earnest last year, but so far only one oil company, Cities Service, has withdrawn from the business. (Conoco, of course, with its two large ethylene crackers, was swallowed up by Du Pont in a ventical integration move last year).

F. Eberstadt and Co, the Wall Street investment firm, estimates that shutdowns have reduced ethylene capacity by around 15 per cent in the last year. But analysts at Eberstadt, as well as managers within the industry, warn against expecting these plants to remain closed as demand starts to perk up and the chances of increasing market share rise again. Just last week, Du Pont announced that some capacity would be taken out of mothballs next month in Chocolate Bayou, Texas.

"If this recovery comes too quickly, all the good decisions to shut more capacity could be shelved with disastrous consequences," says Mr Michael Bennett of Chem Systems, the international consultancy group.

Further damaging the possibilities of a real recovery is the new-found strength of the dollar. Exports have been one of the strongest elements of growth for the industry over the last eight years. From a peak of $21bn in 1981 (16 per cent of total sales), exports are now falling by the month and could drop to $16bn this year.

In addition, the recent 15 per cent fall in world oil prices gives aid to non-U.S. chemical producers who are largely dependent on oil-based feedstocks. But the U.S. industry makes most of its products from natural gas and LPGs such as ethane and propane, which have gone up in price since they were deregulated by the U.S. Government. As a result, America's long-held feedstock advantage has melted away.

Perhaps most importantly, however, is the fact that demand prospects for petrochemicals over the next decade remain distinctly cloudy. More and more developing countries, particularly in the Middle East, are building up their own production to replace imports and provide new export opportunities. At home, customers have learned to live with leaner inventories and to use high-priced plastics more frugally. The growth of the disposable plastics sector is also under threat from the increasing trend to conservation in the U.S.

So far, most companies seem to be assuming that the market for speciality chemicals is different. But the headlong rush into this sector could cause the same kind of problems which have affected the commodity end of the industry.

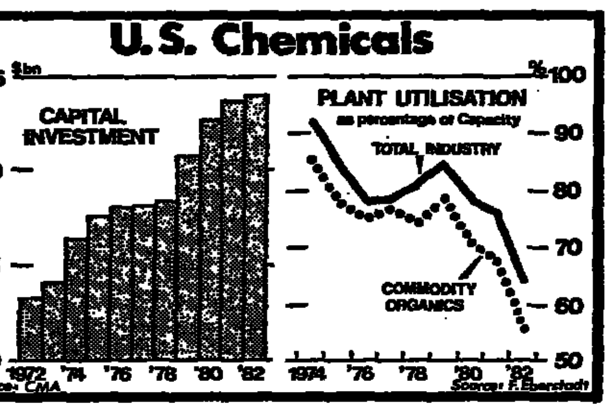
The demand for chemicals by the semiconductor industry, for example, is currently projected to grow to $1.5bn by 1987, an annual growth rate of 15 per cent. But if five major chemical companies and 10 small ones all rush into this market, Mr Levowitz's fundamental problem returns.

A recent Chem Systems study revealed that if the top 10 U.S. petrochemical companies acquired the top 10 speciality companies, the larger companies' profit margins would increase by only 0.21 per cent in a good year. "Specialities are a facile replacement for an ailing business," says Mr Bennett.

He also points out that speciality products demand a wide range of product expertise and marketing know-how, as opposed to the commodity businesses. "Not everyone is going to be able to do it," he predicts. "Companies should fix up the businesses they are in."

At Exxon Chemicals, Mr Levowitz has been facing just this task. As vice-president of the olefins, or heavy petrochemical, division, Mr Levowitz can hardly start a biotechnology venture on an old site. Last year, the division shut down 900m lb worth of annual ethylene capacity and reduced its employees by more than 10 per cent.

"We've done all the traditional things. We've had a strategic rethink of our business, cut costs and operating levels. But I don't delude myself. I have to assume my competition has been doing the same thing. I just want to be sure we're the best in a lousy industry," he says.



UNION CARBIDE

Asset sales near $1bn

ONLY FOUR years ago, Union Carbide announced a goal of $800m in net income and $14bn in sales by 1983. Last year, the recession took its toll and net income scraped in at just over $300m, with sales at around $9bn. Even so, officials at Carbide's new headquarters in Danbury, Connecticut, comfort themselves that things could have been a lot worse.

Since 1977, Union Carbide has been shedding assets which are either peripheral to its core businesses or provide poor returns. The sales, totalling nearly $1bn, included the disposal of the group's health care activities, its ferro-alloys operations and the $400m sale of its European low density polyethylene and ethyelene oxide business to BP Chemicals in 1978.

Mr Warren Anderson, chairman, says that earnings last year would have been $200m lower but for these sales.

The group is reaping strong rewards from the licensing of its Unipol process for the manufacture of low-density polyethylene, the material that becomes plastic wrap as well as industrial packaging. Carbide's energy-saving, cost-effective method is expected to account for more than a fifth of the world's output of LDPE by 1985.

Today the group has less than 40 per cent of its assets wrapped up in chemical and plastics and that percentage should continue to shrink.

"We don't have to be the biggest any more; growth for its own sake is just not important," says Mr Anderson.

AMERICAN CYANAMID

Potatoes add up to a stew

AMERICAN CYANAMID, which gave the world Formica, is one of the best examples of a successful move into speciality chemicals.

In its rush to develop higher value-added products, the New Jersey-based group has boosted its R and D expenditure from 3.3 to 4.5 per cent of sales in the last 10 years, while cutting back on its capital expenditure programme from 8.6 per cent of sales to just 5 per cent.

By 1981, it could report that its speciality chemical businesses accounted for 75 per cent of its $3.6bn in sales, while its assets tied to the bulk chemical business had dropped from 45 to 36 per cent in the previous five years.

Earnings have yet to respond, but analysts are becoming increasingly impressed by Cyanamid's success with its pharmaceutical business. The group recently licensed a penicillin developed in Japan, Pipracil, and saw sales climb to nearly $70m in just one year.

So far, Cynanamid's largest volume speciality is acrylamide, used to make polyacrylamide flocculants, which in turn are used in water and waste treatment, in gold and coal mining and by the paper industry for filtration. Cyanamid is the largest producer of both materials and is expanding its current capacity by more than a third by 1984.

"Areas like these are still small potatoes," says the Cyanamid manager, "but added all up together, they can make a pretty substantial stew."

Lombard

The perils of bureaucracy

By Michael Dixon

"A MACHINE designed by geniuses to be run by idiots," was how Herman Wouk's novel The Caine Mutiny described the wartime U.S. Navy. Even then the phrase equally fitted many other organisations, private and public, throughout the world.

They multiplied post-war. Whether or not top executives viewed themselves as geniuses, they increasingly withdrew power over how a job was done from the person doing it. Instead decisions were made and handed down to the workplace by a complex machine of procedures, planners and above all committees. Bureaucratic management was the vogue.

Its prime theoretical advocate was Max Weber, the German sociologist. He saw bureaucracy as "rational and impersonal" and so the best possible managerial form. Practical endorsement came from the efficiency of central planning and the fragmenting of work into simple repetitive tasks in achieving mass production.

It now seems that the trend may be reversing in the private sectors of industrially advanced western countries. One reason may be that they have a cost disadvantage in mass production (perhaps partly, as the BL unions claim, because their citizens resent stupefying jobs) and are turning to batch production requiring more flexibility.

Another reason may be that, far from proving essentially rational and impersonal, bureaucratic management has become linked with effects so daft and persistent that they are enshrined in quasi-sociological laws.

One is Parkinson's Law: Work expands to fill the time available and staff increase independently of output. A corollary is that a superior's importance grows with the number of subordinates. There is also the Peter Principle: Promotion procedures tend to ensure that staff do their most crucial work at a level beyond their competence. Another is Harvey's Abilene Paradox: People in committees tend to agree on decisions which as individuals they know are wrong.

Such quirks may explain the liability of bureaucratic measures not just to fail but also, when they do, to be superseded by still greater elaborations.

An instance is the procedure for training teachers. Its failure is shown by the many state schools unable to offer a full curriculum because their teachers either lack the necessary subject knowledge or are incompetent. The Education Department therefore plans to make the procedure more complex. There will be extra vetting of trainees. The successful will no longer be certified to teach in any capacity, but only in specified subjects and at particular stages such as primary schooling. The new rules are meant to be applied flexibly.

The trouble is that the top of the educational machine cannot ensure that the rules will be used flexibly by the local authorities legally responsible to the Education Department for running schools. Local authorities may well think it prudent to forbid teachers officially certified for only limited duties to equip themselves unofficially for a wider range. The result could be that still fewer schools can offer a full curriculum.

A less cumbersome remedy would be to hand down, not extra procedures, but more power. Head teachers could be authorised to dismiss incompetents and promote the proficient, financing their further training from an enlarged school budget. Officials directly supervising several heads could be given similar powers over them and so on.

But that would mean making the heads and successive tiers of officials accountable for bad results with their jobs—which, to the public bureaucracy at least, is evidently unthinkable.

For example, the recent review of recruitment for the senior Civil Service says the cost, at about £11,000 per recruit, is higher than in the private sector. But since the recruits go on to average career earnings representing a capital value of £430,000, the report adds, heavy spending on selection is better than the risk of saddling the service with more highly paid duds than it has now.

The idea of sacking duds instead of going on paying them is nowhere mentioned.

Letters to the Editor

Guerrilla warfare within the House of Fraser

From Mr C. Whitmey

Sir,—It was as a custodian trustee that I was first made aware of the guerrilla warfare within the House of Fraser. Having received seven mailings in the past fortnight as a small shareholder, probably the most numerous category, I raise a flag of truce to ask some questions.

Article 95 states: "Questions arising at any meeting (of directors) shall be determined by a majority of votes." Is Lonrho — for from my observations and inquiries it appears it may be funding the campaign of the minority directors—aware of this article?

What is the force of the proposed resolution, won or lost, at the EGM? Article 106 states in usual form: "The business of the company shall be managed by the directors who may exercise all such powers . . ."

In 1970 it was stated: "A company cannot by ordinary resolution dictate to or overrule the directors in respect of matters entrusted to them by the articles." [1970] Ch.212 per Plowman J. at 220. In 1975 it was stated: "the directors, and no one else, are responsible for the management of the company, except in maters specifically allotted to the company in general meeting." [1975] 1 WLR 673, H.L.Sc. per Lord Kilbrandon at 683.

I have searched the articles and see no need for a vote of confidence! If Lonrho has merit in its case the only proper and effective solution is to propose the removal of some or all of the directors.

For myself the behaviour of the minority directors leaves one conclusion "Lonrho get your mud-hut encampment out from the portals of the House of Fraser." Who will pay my fare and hotel expenses to Glasgow to proclaim the plight of the small shareholder who, not unreasonably, expects the affairs of the company to be conducted according to the articles?

Christopher J. Whitmey, MBIM.
Stone Cottage, Oldstone,
Fownhope, Hereford.

Financing in the forfait market

From the Manager, Scandinavian Bank

Sir,—I refer to the article headed "Forfaiting has its advantages," in the survey on small business" (May 3).

In such a short article, the principles and benefits of forfaiting were well detailed. It contained, however, a quotation from a banker, "I don't care if you want to buy sugar over five years," which suggested that normal prudent banking procedures do not apply in forfaiting. A request for the financing of commodities over such a long period would suggest either a buyer or his country with liquidity problems and despite the flexibility of the forfait market, most forfaiters would shun such a transaction.

The usual period for the financing in the forfait market of exports of commodities is six months, maximum of 12 months, with five years' credit being the preserve of capital equipment sales.

J. M. Bradbury.
Scandinavian House,
2-6, Cannon Street, EC4.

A superannuation fund

From Mr E. Whiting

Sir,—According to Samuel Brittan's account ("The tax-income nightmare"—April 28) the Commons Treasury Committee was asking the wrong question when it asked the Treasury to produce a radical scheme for combined national insurance contribution and income tax without allowances or subsidies (which mortgage interest and life assurance "relief" now are). It should have asked what particular structure of income tax rates and allowances would have given the same yield to the Exchequer, with minimum change to individuals' total payroll deductions, as is now obtained from Schedule E income tax and employees' NIC combined.

Except for pensions, which are mentioned by Samuel Brittan, there are few national insurance benefits which require qualifying NI contributions. Unemployment benefit is one, which is rather a joke, because it depends quite arbitrarily on contributions in the previous fiscal year; and it lasts only 12 months—when it becomes supplementary benefit with no qualifications. Maternity benefits are another; but could depend just on mothers being at work for a year or two before.

Sickness benefit with statutory sick pay is now disassociated from national insurance, and industrial injury benefit the same; no NI contribution is needed. And fortunately, unlike most other countries, there is no NI qualification needed for free medical treatment.

That leaves only pensions. We cannot get away from individual employee contributions to pensions. The NIC that must be left is the contribution to the state scheme for the non-contracted-out employees. This could be changed and called what it is: a pension contribution, actuarially determined. NIC records as such would be abolished and there would be a national superannuation fund (NSF) with its own records, similar to the University staff, teachers and other state backed superannuation funds. Contributions would be remitted monthly to the NSF in the same way.

The NSF could also take charge of all non-vested and paid-up guaranteed minimum pensions, so that contracted-out schemes administered only their own working fully qualified members. The details would need much study, but the way could be open to considerable simplification and greater understanding if pensions were divorced from national insurance — indeed, if national insurance completely disappeared. Employee contributions to the NSF could become tax deductible, as are all other pension contributions, removing the anomaly caused by state scheme pension contributions being part of NIC.

The only problem is how to distribute the benefits of the merger equitably.

Edwin Whiting.
Manchester Business School.
Booth Street West, Manchester.

Profiling a company

From Mr M. White

Sir, — I can confirm Mr Curran's suspicion (April 26) that the facial representation of corporate financial information is not novel. The basic technique was developed by Herman Chernoff of Massachusetts Institute of Technology in 1973, and used by Professors David Huff (University of Texas), William Black (University of Arizona) and Vijay Mahajan (Wharton School, University of Pennsylvania) in a project dating from 1980.

Martin S. White.
Butterworth and Co.
(Publishers),
88, Kingsway, WC2.

Underwriting at Lloyd's

From Mr J. Burrows

Sir,—Lloyd's members who have read part 1 of the report on ownership and control of underwriting agencies, which is to be considered by Lloyd's council shortly, must surely be led to the conclusion that since the purpose of these agencies is to serve members, then members should own the agencies exclusively in proportion to their underwriting activity within the agency. If their value is indeed £100m as was suggested to Parliament, the average cost for each of the 20,000 names would be only £5,000.

This however is dismissed by the report because "such ills that Lloyd's may have" does not "call for such an upheaval, with its confiscatory effect." Who then would suffer upheaval? Presumably the brokers who largely own the agencies and are required by the Lloyd's Act 1982 to divest themselves of such interests. They will then lose the remuneration they now enjoy from the agencies' charges, which considerably reduces the members of Lloyd's income, or increases their losses as the case may be.

In a market that is accepting more unprofitable business than the capital backing can support, presumably to insure the continued profitability of the agency, the recruiting of new members by the agency, is undesirable.

By means of computerisation, the administration and servicing of existing names could be carried out by a direct self-regulating role between the Corporation of Lloyd's and the syndicates which they control. Agencies would then become irrelevant and the underwriter reverts to his historic role of accepting risk and managing his own underwriting syndicate.

The Lloyd's broker will gain freedom to act in his professional capacity as agent to the insured, arranging insurances on his behalf as favourably as possible consistent with adequate security. To carry out such a duty he should neither seek, nor indeed wish to have, any financial stake in any agency through which the insurances are effected, to avoid conflict of interest.

This would achieve true divestment, agreed upon by the membership of Lloyd's at the request of Parliament and now enacted.

J. D. Burrows,
Copyhold,
Bury,
Pulborough,
W. Sussex.

FINANCIAL TIMES
Friday May 6 1983

NEW AGREEMENT WILL STEP UP COMPETITION WITH UK

French in China N-stations deal

BY MARK BAKER IN PEKING

COMPETITION between France and Britain for a share of the $6bn Guangdong nuclear power station is certain to increase following the signing in Peking yesterday of a memorandum of understanding ensuring a substantial participation by France in the Chinese project.

President François Mitterrand, on a state visit to China, told a press conference that China appeared close to buying four nuclear reactors from France.

Senior French officials added that negotiations indicated that contracts for non-nuclear sections of the power station would be shared between French and British companies.

GEC was thought certain to supply turbines and other non-nuclear technology to the project as a result of a British Department of Industry memorandum of understanding signed with the Chinese in late March. GEC's competition for the turbines is Alsthom-Atlantique. Officials of the French company are understood to have arrived in Peking last week to discuss another project in Shanghai.

The French claim was greeted with scepticism by British officials. One said: "We are not aware of any serious proposal of this nature and we still believe the Chinese are seriously considering signing contracts with GEC."

Under the French memorandum, France will supply the nuclear technology for Guangdong and a second power station expected to be built in the northern province of Liaoning.

It was not certain whether the memorandum included non-nuclear aspects of the project.

A French official said it had been agreed that China would pay for the technology through a mixture of cash and preferential French loans. The 1800 MW plant, one of the largest industrial projects in China, will supply a large part of its output to Hong Kong.

President Mitterrand also confirmed that China had not yet taken up proposals to buy French Mirage 2000 fighter aircraft. The Chinese Premier, Zhao Ziyang added that Mirages were "very expensive and perhaps China will not be able to buy any."

The French leader also said France was likely to supply TV equipment to China and a Chinese delegation would visit France to inspect telecommunications equipment.

On the diplomatic front, M Mitterrand rejected an appeal from China to step up the pressure on Vietnam over Kampuchea. M Mitterrand said France was not prepared to take the role of a diplomatic mediator, to recognise the Chinese-backed Kampuchea guerrilla coalition or to sever its friendly relationship with Hanoi.

He indicated that France's position was influenced by dissatisfaction with the strength of the coalition and its fears of a return to power of the murderous Khmer Rouge forces. "France is not prepared to substitute itself for the Kampuchean people," M Mitterrand said.

He said that France agreed with China that the Vietnamese forces should withdraw from Kampuchea and that the Kampuchean people should regain the right to self-determination, but it was not prepared to adopt any new role. Zhao said yesterday that he wanted France to use its historical and cultural ties in Indochina as part of a renewed effort to influence the Vietnamese.

France's rejection of the Chinese overtures is a significant rebuff, particularly as it is believed that China's most senior leader, Deng Xiaoping, also took up the proposal of a joint French-Chinese effort on Kampuchea in his meeting with President Mitterrand

Fiat in talks to lift stake in Snia

By Rupert Cornwell in Rome

FIAT, Italy's largest industrial group, is believed to be negotiating to acquire a dominant shareholding in Snia Viscosa, the leading Italian textile and armaments company.

The first clues of a possible deal came last week with unusually heavy trading in Snia shares on the Milan bourse, ahead of an already announced capital increase by the group to L262.8bn ($180.4m) from L137bn. Yesterday neither company denied the reports.

Snia is controlled by a variety of shareholders, notably the Montedison chemical concern, which owns 15.7 per cent, Mediobanca, the state-owned merchant bank, with 10.4 per cent, and Fiat itself, through the Sicind financial company, with almost 6 per cent.

The rumours suggest that Montedison, and possibly Mediobanca, would not subscribe to the capital increase, allowing Fiat to do so in their place.

Possibly the Turin concern might also purchase some of the shares already held by Montedison and Mediobanca. This would leave Fiat with at least 20 per cent, and possibly 30 per cent or more of Snia.

The main appeal of Snia to Fiat would seem to be its expanding and highly profitable military business, a field where the latter is also active.

In 1982, Snia achieved sales of L1,630bn, of which arms accounted for 40 per cent.

The planned capital increase – whoever subscribes to it – will be a key part of its drive to increase its own resources and reduce its reliance on costly bank borrowing for working capital.

THE LEX COLUMN

Back to basics at Royal Bank

The Government's idea of planting red and blue hedges all the way round the gilt-edged market has been well received. Yesterday, tenders for the convertible index-linked stock were accepted at prices of £97.50 and above, at which level perhaps half the £1bn on offer was allotted.

Bank of Scotland

As other companies still dart and dodge to avoid the wayward missiles of current competition policy, it was yesterday the turn of the Royal Bank of Scotland Group to report on its progress so far through the first financial year since it emerged from the fray.

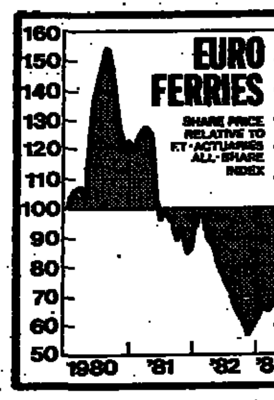
Pre-tax profits are down 28 per cent to £30.9m in the six months to March. The group's management was last year welcoming the chance to concentrate on its internal development, free of merger speculation. But the latest results, which knocked the shares down 13p to 124p, suggest other reasons for welcoming management's full attention to internal affairs.

Another jump in the bad-debt provision from £14.2m to £24.5m reflects a particularly difficult second quarter. Beyond this, though, is a decline in the group's underlying profitability. The group's increasing reliance on wholesale funds, which now account for 45–50 per cent of the total funding base, has left lending margins badly squeezed by interbank rates fluctuating at a significant margin above base rate. Net interest income is virtually unchanged despite a 24 per cent gain in total banking assets.

The increase in staff costs has been kept below 10 per cent. But other overheads have risen sharply and the group must be anxious to realise some of the much vaunted benefits of integrating its two major banks before the gap between its costs and its interest income shrinks further. The Royal Bank's half-year figures have recently been a quixotic guide to its full-year performance, so perhaps the 7 per cent increase in the dividend, to give a prospective 8.4 per cent yield, portends a recovery despite the odds.

Liffe

The Inland Revenue's decision to climb off the fence and give the pension funds exemption in the financial futures market comparable to what they enjoy elsewhere will



give a timely boost to Liffe. No one expects business to take off immediately as a result – even after the legislation goes through, trustees in many funds may take time to be convinced. But the legislation will give official respectability to the futures concept, and if the pension funds arrive in any force, the market should become liquid enough to persuade many companies now standing on the brink to take the plunge.

The pension funds themselves will presumably find the long gilt-edged contract the one most suited to their needs: Liffe provides the opportunity to hedge their exposure to long-dated gilts more cheaply than can be achieved in the cash market. But the possibilities of arbitrage between the cash and the futures market may be circumscribed given that the funds have presumably for heding purposes.

News International

The free equity of News International has rated as one of the most bizarre classes of security on the stock market ever since Mr Rupert Murdoch organised his controversial scheme of arrangement for the company three years ago. Holders have been locked into a minority, without voting rights, depending for their dividends on the fortunes of the parent News Corporation, and the vagaries of the exchange rate between sterling and the Australian dollar.

So News Corp's proposal to tidy up this arrangement by buying out the minority has much to recommend it. Existing shareholders will presumably be satisfied with the offer of 225p per share, which is more than double the figure News Corp was prepared to pay three years ago and represents a premium of 28.6 per cent over Wednesday's closing price.

It appears, however, that News Corp had been buying heavily in the market even before yesterday's announced purchases. Its holding of non-voting equity was shown as 53.85 per cent in the accounts for the year ending last June. Since then, it has quietly picked up another 12½ per cent. As these are non-voting shares, News was not required to notify its activity but this will be small consolation to anyone who sold in the market unaware that a formal offer might be in the pipeline. News International is now the cash cow of the Murdoch farm and, as News Corp is certainly aware, could give birth to the golden calf if ever Reuters were projected into the stock market.

European Ferries

The end of the cross-Channel prices war arrived just in time last year to balance the deterioration in European Ferries' property division. On the passenger lines prices rose about 12 per cent, and with volume up 10 per cent the shipping division steamed to a £12.8m, post-interest profit against only £1.9m in 1981.

The property interests, however, produced an equally abrupt turn round in the opposite direction. The newly acquired U.S. business contributed virtually nothing, and the division was mainly kept afloat by a £4.5m contribution from the Singer and Friedlander bank.

Moving ahead serenely alongside these volatile partners, the Felixstowe docks managed, as usual, to produce some impressive growth figures – profits rose 37 per cent to £8.5m, helping the group to an overall 12 per cent increase in pre-tax profits at £30.7m. The market, however, appears to have been more intent on the variability of the performance elsewhere, marking the shares down 3p to 73p, where they yield all of 6.8 per cent after the dividend increase.

The property diversification into the U.S. has certainly not helped the rating, particularly since it has meant issuing 35m shares which, while under trading restrictions at present, overhang the future market. Even so, given reasonably calm waters in the Channel this year, the group should be capable of about £35m without any windfall from the property side.

State set to take over Spanish power grid

By David White in Madrid

THE SPANISH government has reached agreement with the country's main private electrical utilities for the takeover of the high-tension power grid, the only nationalisation project in the socialist party's election programme.

The agreement between Sr Carlos Solchaga, the industry and energy minister, and the utilities' Unesa federation is linked to a promise of a new price-fixing system, amid concern about the companies' heavy indebtedness, particularly in foreign currencies.

State control, through a majority government stake in a mixed company, is to become effective by the end of this year. The initial agreement makes clear that this is the only nationalisation planned for the sector.

The declared aim of the measure to its "optimise" the electrical production and transport network. The utilities, which are to finalise the agreement in the next few days, will pay fees to use the grid.

Reform of electricity prices is to be decided on after audits of the companies have been completed.

To facilitate their operations, the ministry has promised to authorise the start-up of three new nuclear reactors, two at Almarez near the Portuguese border and one at Asco in Catalonia, "as soon as possible."

The government's revision of energy plans is expected to lead to the reduction or freezing of the so-called third generation of nuclear plants because of the downscaling of forecast energy needs.

Hoesch shows DM 19.5m profit after sharp reduction in costs

BY JAMES BUCHAN IN DORTMUND

HOESCH, West Germany's fourth-largest steelmaker, enjoyed a dramatic recovery in earnings last year and is better placed financially to pass through what it expects to be a difficult 1983.

Reporting for the first time separately from the transnational Estel concern, the merger with Hoogovens of the Netherlands that was formally dissolved last October, Hoesch booked a DM 19.5m ($8m) net profit in calendar 1982 in a sharp turnround from the losses of DM 397m reckoned for the Hoesch-Werke elements of Estel in 1981.

Herr Haro Brahms, Hoesch board member, said the result was remarkable in that, unlike most of its competitors, Hoesch covered the dismal fourth quarter of 1982 in its business year.

As a result of the market downturn in the second half of last year, sales revenues outside the group fell by 6.6 per cent to DM 7.44bn, with sales of rolled steel down by more than 1m tonnes to 3.6m tonnes. The sole reason for the improved result, Herr Brahms said, was the sharper cuts in costs in 1982.

In the course of the year, the workforce was cut by 3,500 to 38,200, with a drop of DM 200m in personnel costs. The halt to deliveries of half-finished steel from Hoogovens, at levels Hoesch could no longer absorb, limited growth in material costs, while lower interest rates helped to temper the additional burden of the liabilities taken over from Estel.

Herr Brahms said that all divisions of the concern, including steel making, had moved back into profit into March, but that the first quarter would still show a loss. A dividend for 1982 remained out of the question, Herr Brahms said.

At the same time, Herr Brahms said there had been a "strong improvement" in the company's balance sheet with its equity ratio up from a floor of 11 per cent at the close of 1981 to 16 per cent at the end of last year and a reduction of the debt burden by DM 388m.

Hoesch executives cannot conceal their relief that the Estel break-up has turned out so well. The sole remaining point at issue, Hoogovens' demand that it take over an extra 318,000 tonnes from Estel's quota, has been settled by Brussels in Hoesch's favour.

The company announced that, with the dissolution of Estel, the need for two separate companies – Hoesch, which owned 50 per cent of Estel, and Hoesch-Werke, the operating company itself held by Estel – no longer existed and the concerns would be amalgamated

Hoogovens results, Page 21

French Government takes over debt of PUK chemical division

BY DAVID MARSH IN PARIS

THE FRENCH government has put the finishing touches to the long-awaited restructuring of the country's fragmented and loss-ridden chemicals industry, involving the shedding of around 1,900 jobs and a capital injection of FFr 3bn ($406m) into the largely nationalised sector.

Under an agreement announced yesterday, the troubled chemicals division of state-owned industrial group Pechiney Ugine Kuhlmann (PUK) is to be divided up among other government-controlled companies led by Elf Aquitaine, Rhône-Poulenc, CdF-Chimie, the chemicals subsidiary of the national coal board.

The outlines of the plan – under discussion since the Socialist government came to power two years ago – were announced last November, but application has been held up by prolonged negotiations over the financial and employment consequences.

As expected, the government has now decided to take over the accumulated debts of the Pechiney division, Produits Chimiques Ugine Kuhlmann (PCUK), by subscribing half of a FFr 3bn capital increase for the company over the next two years.

PUK will subscribe the other half of the increase. But as PUK is itself in financial difficulties – it is believed to have lost around FFr 3bn last year – the government will be providing the funds for its contribution.

The overall 1,900 job losses are expected to be in two stages. The first batch of 1,100 will take place up to the end of the year as the new chemicals structure is put into place. A further total of nearly 800 jobs are expected to be shed up to the end of 1986.

PCUK said yesterday a social plan would be worked out to soften the consequences of redundancies, with some workers being reclassified into other jobs. The scale of the job cuts – which will reduce the present PCUK workforce by about a sixth over the next three years – underlines the tougher action the government is now taking to cut back loss-making areas of publicly owned industry.

Apart from further job losses in steel, other redundancy programmes have recently been announced in the Manurhin engineering subsidiary of the state-controlled Matra group and in the Boussac Saint Freres textile company, which his indirectly owned by the state.

As announced last November, Elf Aquitaine is to take over PCUK's halogen activities. The oil group, which is negotiating about taking full control of the Ato and Chloe chemicals companies it owns at present jointly with Total, will thus become France's premier chemical company.

Rhône-Poulenc, which is divesting itself of its fertiliser activities under another government-sponsored plan, is taking over PCUK's pharmaceutical, agrochemical and inorganic business, while CdF-Chimie will absorb the organic side and plastics.

Israel thought likely to agree pullback

Continued from Page 1

The details of the draft agreement have not yet been made public, but the broad outlines have emerged:

● A special security zone would be established in Lebanon up to 45km north of the Israeli border, designed to prevent PLO guerrillas from getting within striking distance of Israel.

● *Major Haddad* and *his Israeli*-backed militia would continue to have a role in southern Lebanon, but he would not be in overall command, as Israeli had originally demanded.

● The Unifil forces would not play a direct role in maintaining security in the buffer zone, but U.S. forces might help protect the Palestinian refugee camps in that area and police the area of Lebanon north of the Israeli security line.

● Some Israeli troops would participate in joint patrols across the border with Lebanese army forces. There was still some confusion last night over the powers of the Israeli soldiers to hunt down and fire at Palestinian guerrillas if they infiltrated into the securtiy zone.

● Within six months of the Israeli withdrawal, talks would be held on the normalisation of relations between Lebanon and Israel, with particular reference to the passage of goods and people across the border.

● Israel would continue to maintain the "liaison office" set up in a Beirut suburb after last year's invasion, but Lebanon would not be committed to opening a parallel office in Tel Aviv.

● The agreement would also include a formal Lebanese commitment to ending the state of war with Israel.

Mauroy takes firm stance on inflation

Continued from Page 1

M Mauroy said yesterday that if the dollar had been less strong the task would be easier. "But I will not accept any drift – even in a storm."

He gave no indication of what further measures the Government had in mind, except to rule out a further prices and incomes freeze. It is thought likely, however, that price controls may be strengthened. There is also pressure within the Socialist party for it to directly limit imports.

M Mauroy blamed the speculation against the franc in the past two days on the rise in interest rates in the Netherlands, which has contributed to the strengthening of the D-Mark. The franc rose marginally against the German currency yesterday to FFr 3.018. The Bank of France intervened for small amounts and is seen to be defending the franc around that rate.

Le Nickel aid plan nears approval

BY OUR PARIS STAFF

SOCIÉTÉ Le Nickel, the ailing New Caledonian nickel-mining company, is expected to benefit soon from a government-sponsored support package totalling more than FFr 1.4bn ($189.7m) to restore its fortunes after losses of more than FFr 850m last year.

The rescue plan, involving a reorganisation of state shareholdings in the group, a large capital increase and a debt rescheduling agreement with the banks, has been under negotiation for several months.

Announcement of an accord is expected shortly, possibly within the next few days, according to officials in Paris.

Under the Government's plan, that state energy and mining holding company Erap is to take a 70 per cent stake in Le Nickel and put up fresh funds of FFr 350m.

The two existing shareholders, the state-controlled oil group Elf Aquitaine and mineral holding company Imetal, which own 50 per cent each, will reduce their stakes to 15 per cent.

Each will put up FFr 200m in the form of new capital or assumption of Le Nickel debts.

Talks are also going on with a banking consortium led by Banque Nationale de Paris and Européenne de Banque (the former Rothschild bank) on a plan to lengthen the maturity of FFr 700m of Le Nickel's FFr 2.5bn debts.

Imetal has announced losses of FFr 650m for 1982

Lonrho victory 'is in sight'

By John Moore in London

LONRHO, the largest shareholder in Britain's House of Fraser group, could be on the point of winning its battle to force the Fraser empire to separate its major department store, Harrods of Knightsbridge, from the rest of the group.

That was the prediction last night of major institutional shareholders ahead of today's public confrontation between Lonrho and House of Fraser over the future of Harrods at an extraordinary meeting of Fraser's shareholders in Glasgow.

Shareholders are to be asked today to support the Fraser board in its fight against Lonrho, which is seeking to force Fraser to float off Harrods in a demerger plan. The resolution asks shareholders to accept the board's recommendation "that Harrods should remain within the House of Fraser group" and endorse their confidence in the board.

Lonrho has a considerable advantage over Fraser in terms of votes.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	20	68	Dubrovnik	S	20	68	Malaga	F	22	72	Salzburg	C	13	55
Akrotiri	S	23	73	Faro	F	20	68	Malta	F	21	70	Seoul	C	28	82
Algiers	C	21	70	Florence	S	23	73	Manila	S	35	95	Singapore	R	32	90
Amsterdam	S	13	55	Frankfurt	F	15	59	Miami	S	31	88	Stockholm	C	12	54
Athens	S	27	81	Funchal	S	20	68	Milan	S	21	70	Strasbourg	F	18	64
Bahrain	S	33	91	Geneva	S	17	63	Moscow	C	12	54	Sydney	S	22	72
Bangkok	S	35	95	Gibraltar	C	28	82	Munich	F	14	57	Taipei	C	28	82
Barcelona	S	19	66	Guernsey	C	15	59	Nairobi	C	24	75	Tangier	F	19	66
Beirut	S	24	75	Helsinki	S	13	55	Naples	F	16	61	Tehran	—	—	—
Belgrade	F	18	64	H. Kong	S	28	82	New Delhi	S	40	104	Tel Aviv	—	—	—
Berlin	R	9	48	Innsbruck	F	16	61	New York	S	21	70	Tenerife	S	22	72
Biarritz	S	26	79	Inverness	F	14	57	Nice	C	18	64	Tokyo	S	25	77
Blackpool	R	13	55	Istanbul	S	20	68	Oporto	R	12	54	Toronto	R	11	52
Bordeaux	S	25	77	Jersey	C	16	61	Oslo	F	14	57	Tunis	F	22	72
Brussels	F	16	61	Jo'burg	S	24	75	Paris	F	19	66	Valencia	S	27	81
Budapest	C	15	59	Las Palmas	S	21	70	Prague	F	10	50	Venice	S	20	68
B. Aires	C	23	73	Lima	S	27	81	Reykjavik	C	6	43	Vienna	R	13	55
Cairo	S	32	90	Lisbon	C	17	63	Rio de J'o	C	28	82	Warsaw	—	—	—
Cape Town	S	24	75	Locarno	S	19	66	Rome	S	21	70	Zurich	S	16	61
Caracas	C	28	82	London	F	17	63								
Casablanca	C	18	64	Los Angeles	C	22	72								
Copenhagen	S	13	55	Luxembourg	S	14	57								
Corfu	S	20	68	Madrid	S	20	68								
Dublin	C	10	50	Majorca	S	20	68								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Kemira plans UK plant

BY CARLA RAPOPORT IN LONDON

KEMIRA, Finland's large chemical and fertiliser group, is planning to build a $237m ammonia complex to boost its position in the hotly competitive European fertiliser market and reduce its ammonia imports from the Soviet Union.

The most likely location for the complex is England or Scotland, provided the state-owned Finish company can negotiate a favourable natural gas contract with British Gas. Finland and the Netherlands are also under consideration, but a Finnish plant would probably use an alternative feedstock, such as peat, because of the high cost of importing natural gas.

The new complex, which is expected to be approved in the next few months, will have a capacity of about 400,000 tonnes of ammonia a year. The plant is also expected to include ammonium nitrate or urea production facilities. Both these products are used in the manufacture of fertilisers.

Kemira's ammonia production is currently running at some 100,000 tonnes a year, with imports of ammonia – much of which is bought from the Soviet Union – running at around 1200 tonnes a day.

The Finnish group recently bought L & K Fertilisers, a small UK company, with a view to expanding its presence in Britain.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C. E. P. Smith, Frankfurt/Main.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday May 6 1983

BMW dividend rises after good year

By Our Frankfurt Staff

BMW, the West German car and motor cycle manufacturer, is boosting its dividend after an increase in sales and earnings last year.

The company, which described last year as one of the best in its history, is lifting the dividend on the bulk of its capital from DM 9 to DM 10 ($4.11) per DM 50 share.

A dividend of DM 5 is being paid on the DM 100m of new capital raised last year.

The parent company is dispensing DM 110m in its dividend payout, compared with DM 90m for the previous year. In addition, it is transferring DM 90m to reserves to strengthen its financial position, compared with a DM 55m transfer to reserves in 1981.

BMW said that despite the world recession, it increased its motor vehicle production and sales volume last year by 8 per cent to 378,000.

Litton to buy Marietta unit

By Our New York Staff

LITTON INDUSTRIES, the U.S. defence and electronics group, plans to buy the International Laser Systems unit of Martin Marietta for $46m in cash.

The two companies announced that they have agreed in principle to the deal.

Defence spending boosts General Dynamics results

BY PAUL TAYLOR IN NEW YORK

GENERAL Dynamics, the leading U.S. defence contractor, yesterday reported another earnings and sales surge in the first quarter reflecting the impact of heavy defence spending by the U.S. government.

The group, which manufactures parts for the F-111, the F-QY fighter and a range of missiles including the Tomahawk cruise missile, reported first quarter net earnings of $56.8m or $1.03 a share compared with net earnings from continuing operations of $40.3m in the same period last year.

In the 1982 quarter a $12m after tax loss from discontinued operations made final net earnings of $28.3m or 51 cents a share.

Sales in the first quarter increased by over 47 per cent to $1.827bn from $1.239bn in the same period last year.

Mr David Lewis, General Dynamics' chairman and chief executive, said that research and development expenditure this year will total about $165m, while capital spending on new engineering and production equipment is expected to exceed $200m

He said the company ended the latest quarter with a total backlog of $17.8bn, up from $13.5bn a year earlier.

Pan Am lifts offering

BY OUR NEW YORK STAFF

PAN AMERICAN World Airways, the major U.S. airline, yesterday doubled the size of its recently announced public debt offering to $100m.

The airline said it was launching a public offering of 100,000 units comprising $100m of 13.5 per cent limited subordinated 20-year senior debentures, together with warrants to purchase 10m shares of Pan Am common stock.

The offering was initially filed with the Securities and Exchange Commission last week for 50,000 units consisting of $50m debentures and warrants. It is being made through E. F. Hutton and the units were priced at $1,000 each yesterday.

The debentures may be redeemed by the company at any time after May 1 1988, while the warrants, which will not trade separately until June 15, can be exercised to buy one share of Pan Am stock for $8 a share until May 1 1993.

Under the terms of the offering Pan Am can shorten the length of the exercise period to end as early as May 1988 if the closing price of Pan Am stock is at least 125 per cent – initially $10 a share – of the then effective exercise price for at least 30 days.

Bayer reduces payout to DM 4

By John Davies in Frankfurt

BAYER, the West German chemical and pharmaceutical concern has slashed its dividend after a sharp fall in profits last year.

The company, which had already warned shareholders to brace themselves for a "considerable" cut, announced yesterday that the dividend would drop from DM 7 to DM 4 ($1.64) per DM 50 share. This represents the biggest cut in the leading three chemicals groups.

The other West German chemical giants, Hoechst and BASF, also cut their payout because of the severe setback in the entire industry last year. Hoechst lowered its dividend from DM 7 to DM 5.50, while BASF reduced its payout from DM 7 to DM 5.

Bayer disclosed that the parent company's profit after tax last year was DM 264m, down from DM 401m in 1981. The worldwide group's profit after tax suffered an even more drastic setback, plunging to DM 64m from DM 517m the previous year.

It said the group's troubles arose partly from the cost of restructuring measures at Agfa-Gevaert and at Bayer's U.S. subsidiaries. Mexico also produced a sharp setback because of currency factors.

U.S. insurance broker shows further setback

By Richard Lambert in New York

ALEXANDER and Alexander, the U.S. insurance broker which acquired Alexander Howden of the UK for $299m at the beginning of 1982, has reported another steep fall in its quarterly profits. Net operating income for the first three months of 1983 fell from $18.8m to $5.6m, before an extraordinary credit of just over $1m.

Mr John Bogardus, the chairman and chief executive, said the results had been affected by both the economy and the insurance marketplace. The group had experienced a decline in broking revenue, investment income and underwriting profits.

Operating expenses rose by only 5.3 per cent in the three months as a result of a number of cost cutting measures.

Earnings per share in the latest period fell from 73 cents to 23 cents.

Hartmann and Braun shares suspended

By Our Frankfurt Staff

SHARES of Hartmann and Braun, the West German measuring and control equipment company, were suspended from trading on the Frankfurt Stock Exchange yesterday pending an announcement to shareholders.

It is understood that the majority shareholder, Mannesmann, is to put forward a proposal. Shares of Hartmann and Braun will remain suspended today.

Mannesmann took over an 83 per cent stake in the company from AEG-Telefunken at the beginning of 1981.

TREASURER OF BRITISH GASES GROUP EMPHASISES ADVANCE PLANNING

Bonds keep BOC bubbling

BY MARY ANN SIEGHART IN LONDON

MENTION THE name BOC to most people and they will recall that Mr Dick Giordano, the British industrial gases group's chief executive, is Britain's highest paid company director. Talk to people in the international capital markets, though, and they will recognise BOC as one of the few British companies willing and eager to raise hundreds of millions of pounds through bond issues.

Last September BOC became the first British industrial company for a decade to tap the domestic corporate bond market. To add to that £100m at 12¼ per cent, BOC launched a £50m Eurosterling bond two weeks ago with an 11¼ per cent coupon.

So what sets BOC apart from other UK industrial companies which have to rely on bank borrowings or equity issues for finance? Mr Richard Wakeling, the 36-year-old treasurer of the group, explains: "The others are out of practice. They have not geared themselves up to tackle these markets."

Mr Wakeling has. He follows the daily movements of the various bond markets closely, watching out for a new issue 'window,' through which he could launch a bond on suitable terms.

"We keep a draft prospectus on the shelf so as not to miss windows. If something does happen, we can move in just like that – no hanging around. A company like BOC only has an opportunity to tap the markets once in a blue moon. If the opportunity arises, we just have to take it – otherwise we could get crowded out by triple-A names and governments.

"One has to plan these things in advance – that's what it's all about. Otherwise, by the time you've got things organised, the window has gone."

Apart from lack of preparation, Mr Wakeling believes other companies suffer from over-optimism on interest rates. Corporate treasurers set themselves a "threshold rate" which they would be prepared to pay for fixed-rate finance, and will not consider entering the market until that rate is reached. The problem is, though, that in the unregulated Euromarkets, other borrowers with better credit ratings might have the same threshold rate at which they will crowd out the market for smaller borrowers.

As Mr Wakeling says: "You could wait forever for 11 per cent or 10 per cent and the opportunity might never arise." He sets his threshold rate not at the lowest rate the company might be able to get away with, but at the highest rate it could live with.

"The first question was: What level can our business afford? Can we generate sufficient return to be able to cover it? We thought the answer was yes. We have seen periods of extremely high interest rates and we don't want to be exposed to that. If you lock up part of your debt at a level at which you can live, you've closed out one area of risk."

That is not to say that BOC has been over-generous to the market. Some might claim the reverse. The £100m, 12¼ per cent domestic bond was priced at a margin of 1.4 per cent over comparable gilt-edged stock, but the bond was unsecured. Some complaints were heard that the pricing was a little tight, maybe not enough to compensate for the lack of security.

Nevertheless, being the first in the market, the company found it could pay less. Mr Wakeling says: "If we hadn't got in first, we would have had to pay a higher margin over gilts."

The recent Eurosterling issue was controversial too. The 11¼ per cent, eight-year bond started trading in the market at a heavy three-point discount to its issue price, reflecting investors' lack of enthusiasm though it picked up later in the week. One senior new issue manager said: "For a corporate name which isn't absolutely top drawer, you're pushing it if you want £50m."

Mr Wakeling admits this, but makes the point that if the lead manager is prepared to accept the terms, so be it. "We rely on the manager to make the right decision about what the market can bear," he says. "We get our money. After we have a bought deal where the bond is underwritten, it ceases to become our problem – it's somebody else's problem."

Hoogovens hit by weak demand in steel sector

BY WALTER ELLIS IN AMSTERDAM

HOOGOVENS, the Dutch steel group, suffered substantial losses in the first quarter of this year as a result of the continuing pressure on steel prices. However, Mr Jan Hooglandt, chairman of the board of management, said that he still expected Hoogovens to record a loss for 1983 as a whole less than the Fl 106m ($38.68m) deficit incurred last year.

No figures for the current financial year will be released until August.

Total steel production this year is expected to reach around 4.2m tonnes, with 750,000 tonnes having been turned out during the first three months.

Mr Hooglandt repeated that Hoogovens would not add to its steelmaking capacity as part of the restructuring now being put into effect with some Fl 1.2bn of state aid.

SKF suffers decline of 58% in first quarter

BY DAVID BROWN IN STOCKHOLM

SKF, the Swedish roller bearing and engineering group, reported first quarter profits of SKr 103m before tax ($13.78m) special items and exchange adjustments. This was a decline of 58 per cent on the SKr 244m for the same period last year.

Sales rose to SKr 4bn, compared with SKr 3.7bn for the three months in 1982.

Earnings per share in the first quarter fell from SKr 4.65 last time to SKr 1.80.

The group forecasts that a gradual increase in consumer demand will help to keep profits close to the SKr 657m achieved last year.

Lower delivery volume, short-time work and idle capacity from inventory regulating production cuts were blamed for the first quarter decline. Operating income at SKr 313m was down from SKr 455m in the January-March period last year.

INTERNATIONAL COMPANIES and FINANCE

Advance in earnings for Tiger Oats

By Bernard Simon in Johannesburg

TIGER OATS, the South African food producer, lifted attributable profits to R27.1m ($25m) in the six months to March 31 from R26.1m in the immediately previous half year. Figures for the half year to March 1982 were not published because of a change to the company's financial year.

Operating income rose to R62.8m from R56.5m and turnover to R947m from R848m.

The group, which was taken over last year by C. G. Smith, a Barlow Rand subsidiary, has declared an interim dividend of 50 cents a share. Mr Rudi Frankel, Tiger's chairman, forecast a dividend of not less than 75 cents for the year as a whole. He said the halving of South Africa's maize crop this year as a result of the drought will reduce earnings of the group's milling and export divisions. Tiger's other activities include vegetable oil expressing, baking, egg and chicken farming, fishing, and pharmaceuticals.

Meanwhile, shareholders in Tiger Oats's fishing subsidiaries are to be offered special dividends, returns of capital and, in the case of United Oceana Holdings, the purchase of their shares.

According to Tiger Oats, its incorporation into Barlow Rand has reduced the potential scope for diversification by two fishing subsidiaries, Sea Products and Lamberts Bay Holdings.

HK shipping groups look to long term for recovery

BY ANDREW FISHER IN HONG KONG

THE AVERAGE Hong Kong ship owner is professionally cautious, financially conservative, and not given to gambling with assets.

This may not make for much corporate excitement, though there has been some in the Colony's shipping sector, but it has meant that Hong Kong shipping companies have come through the worst ever recession in the industry a lot less shaken than some of their rivals around the world.

Because of its size, the way big companies disclose only those financial details they care to, and the inter-mingling of private and quoted interests, shipping is not one of the hot investment topics in Hong Kong.

Two exceptions, however, are Grand Marine Holdings, part of the ill-starred Carrian group, and Wheelock Maritime, which is part of Wheelock Marden and is expected to report poor figures for 1982

The results just released by two of the biggest groups show how bland shipping accounts here can be. Wah Kwong, the third-largest Hong Kong shipping company with a fleet of over 3m dwt, announced net profits for 1982 of HK$157m (US$23m), exactly as forecast and just 9 per cent up on 1981.

Orient Overseas (Holdings), which is controlled by the Tung family and spans ships, container terminals, offshore activities, and transport—it owns Furness Withy of the UK—turned in an equally unexciting result, this time slightly lower with a 4.5 per cent drop to HK$166m.

The brilliant Mr Frank Chao, head of Wah Kwong's shipping side stopped placing the orders around two years ago, as did the other big owners. "Unless I find a cargo, I won't build a new ship."

Wah Kwong's fleet is predominantly in bulk carriers. The company goes for five-year charters to provide enough security and to prevent ships from being locked into contracts for too long.

Some bankers and shipping experts reckon that the traditional Hong Kong practice of arranging secure charters will not prove as easy in the future. More joint ventures with European and other shipping companies are seen likely.

The Tung fleet, which exceeds 8m dwt is weighted more towards the liner sector, with containerised cargos carried on scheduled routes. World International the biggest shipping company in the Colony with just over 16m dwt, has about half its fleet in tankers and most of the rest in dry cargo vessels.

World International's interim profits were 30 per cent lower at the level attributable to shareholders after extraordinary debits. The profit was HK$234m. Dr Helmut Sohmen, a World director and son-in-law of chairman Sir Y. K. Pao, said the full results for the year to March 31, 1983, would be "not unattractive."

None of the three shipping majors in Hong Kong is overly hopeful about the outlook for the industry. Mr Chao reckons that recent new large orders placed by U.S. and Japanese companies could delay recovery in the liner and bulk carrier sectors.

Dr Sohmen also reckoned there was too much shipbuilding capacity "this malais may go on for quite a long time" he said of the shipping industry's woes.

As the group's big tankers have come off charters, many of them have been simply scrapped. "The recovery is not going to come all that promptly," he added.

Orient Overseas was given a big asset injection by the Tung family late last year which was aimed at strengthening the company and broadening its spread. The group is now hoping that the worst of the shipping crisis is over. Mr M. H. Leung, executive director of Island Navigation, one of the Tung companies, thought the second half of 1983 might show more improvements in the market. But it would take longer for a real upturn.

The recovery so far this year in ship prices and freight rates has benefited Grand Marine Holdings, which was boosted into the position of the colony's fourth largest fleet by the acquisitiveness of Carrian. But its fleet is now being parcelled off to various buyers to bring down its debts.

Bond bids for rest of Pacific Copper

By Lachlan Drummond in Sydney

MR ALAN BOND's Bond Corporation Holdings picked up a further 25.5 per cent of Pacific Copper, the coal miners, yesterday, after launching an on-market bid for the 80 per cent of shares not owned. The bid values Pacific at around A$18m (U.S.$15.7m).

After starting at A$1.05, Bond was bid up to $1.15 in its buying before an unknown group stepped in late at $1.20 per share, to win almost 1 per cent of Pacific.

If successful, Bond will bring its ownership into line with its board control of Pacific, where it has five out of the six directors—despite staunch attempts by shareholders to dilute its control at Pacific's AGM last year.

The major beneficiaries of the A$4.5m buying spree were Jensen Investment and Western Residential, which bought stakes of almost 10 per cent at 67 cents a share shortly before last year's meeting.

The offer follows six months of negotiations with the National Companies and Securities Commission about a loan of A$6.7m to the two companies. Bond also faced a shareholder revolt over plans by the 39 per cent owned Endeavour Resources—to sell a colliery to Pacific for A$25m, a proposal eventually turned down by Pacific's sole independent director.

AGC increases dividend despite drop in profits

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIAN Guarantee Corporation, the country's largest finance company, suffered an 8 per cent fall in net profits for the six months to March 31 to A$41.6m (US$36.2m).

However, AGC, which is a subsidiary of Westpac, Australia's biggest bank, has raised its interim dividend from 5 cents a share to 5.5 cents, even though it faces a fall in full-term profits for the first time in 22 years.

Earlier this month, Australia's new Labor Government won a commitment by employers to an unspecified period of voluntary dividend "restraint," in return for union promises not to seek an immediate return to real wages growth.

"If existing conditions continue," said AGC, "operating profit for the second half is expected to approximate the level achieved in the first half." This would produce a full-year profit of about A$82m, against the A$86.2m of the year to last September.

Net receivables rose by 8.4 per cent to A$3.6bn in the six months, while investment income advanced by 14 per cent, to A$511m.

The main reason for the lower profits was a far smaller contribution from direct property development, which boosted profits last time. Also provisions for bad and doubtful debt almost trebled.

Tax was lower, at A$35.3m against A$44.5m, while depreciation charges rose from A$1.9m to A$2.2m.

Expansion at National Bank of Abu Dhabi

By Angela Dixon in Abu Dhabi

THE NATIONAL BANK of Abut Dhabi has announced profits for 1982 of DH 198m ($54m) against DH 85m in 1981, an increase of over 130 per cent. The bank's balance sheet grew to $6.4bn from $6.18bn in 1981, and it thus easily maintained its position at the head of the league of UAE banks. In December 1981, the bank raised its authorised capital from $27.2m to $272m, and the effects of this were felt throughout the year. At a recent board meeting, a bonus share issue of $27.2m was proposed for May 9, which will bring the bank's paid-up capital to $217.6m.

A subordinated loan of $200m from the majority shareholder, Abu Dhabi Investment Authority, which was due to mature in 1984, was repaid in late 1982.

The bank has recently become very active in the floating interest rate market, and its certificates of deposit business grew by 141 per cent in 1982. It has 34 branches in the Emirates, and 17 abroad.

Mixed results within Straits Times group

By Georgie Lee in Singapore

TIMES Publishing Berhad, the major Singapore publishing group, has reported lower profits for the half year to February, 1983, but its sister company, the Straits Times Press (1975) (STP), managed to turn out higher earnings.

Group pre-tax profit at Times Publishing fell by 7.5 per cent to S$26.3m (US$12.5m). Turnover was marginally higher at S$233m, but trading profits were 6.2 per cent lower at S$24.7m and investment income was little changed at S$1.48m.

The group has declared an unchanged interim dividend of 7 cents gross per share.

STP which publishes Singapore's main daily newspaper, The Straits Times, reported a 13 per cent rise in group pre-tax profits to S$14.4m. Group turnover rose by 5.3 per cent to S$64m and trading profits increased by 20.3 per cent to S$12.96m, but investment income fell from S$1.9m to S$1.4m.

STP has maintained its interim gross dividend at 5 cents per share.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

'We consider ourselves part of Europe'

Kaspar Cassani, president of IBM Europe, talks to Guy de Jonquieres about the company's strategic priorities and horizons

G. de J.: Electronics and information technology markets are expanding so rapidly that even a company with IBM's resources can't expect to be leader in all of them. How do you decide your priorities?

K.C.: We have a sizeable effort in strategic planning and plan our product strategies by 13 business areas. We use all the knowledge we can find inside — and increasingly outside — the company to get reliable forecasts. There is usually a rather clear consensus of opinion about individual sectors — which are high growth and which will grow less rapidly.

CP: In view of the accelerating pace of technological change, how far ahead is it feasible to plan your business strategy these days?

A: We do a five-year strategic plan. It is a systematic, disciplined, numerical, quantified process, checked across countries for consistency against technology, manufacturing capacity and marketing resources. However, we do take longer-range views on certain key parameters. We look at about a 10-year horizon, but there isn't for 10 years a planning framework anywhere near as complete or coherent as our five-year strategic plan.

Q: Which will be the most important growth markets for IBM in Europe in the next few years?

A: We predict the most rapid growth in the work station area. We are convinced that the potential there is huge. Our industry has just scratched the surface. In IBM, we now have one terminal for every three employees. Industry generally has maybe one terminal for every 70 to 80 employees.

Q: *How do you see that changing?*

A: We see annual growth rates of 20 to 30 per cent in work stations of all kinds. First of all, we have the personal computer. I believe that is a big market for Europe. But I also perceive a difference in market readiness between the U.S. and Europe—computer literacy. Many, many more people in the U.S. have learned to use a computer in school. So I think we have a question of getting the European market ready.

Q: How far have you had to adapt your marketing approach for your personal computer in Europe, compared to the U.S.?

A: We have had to concentrate a lot more on end-user peculiarities. In the U.S., you have a market of 230m people. In Europe, too. However, for the personal computer, there is no such thing as a homogeneous European market.

We have a UK version, which is not the same as in the U.S., and different versions for Germany and all the individual countries. So we have a base model which is easily adapted to national requirements.

Q: IBM sees telecommunications as an important growth area. But European markets are fragmented and heavily protected by national monopolies. How do you plan to overcome these barriers?

A: In telecommunications, there is even less of a homogeneous European market than in data processing. We take a similar approach to that for the personal computer by having base models which we adapt to particular national networks. But there are, of course, areas which are more remote from data processing, much closer to the heart of the telecommunications world . . .

Q: Which are those?

A: Communications carriers, network services, line switching, the management of big national networks, satellite systems, the convergence of terrestrial and satellite communications. There I see the future as a really co-operative, complementary approach by different companies. You can just hear the word joint venture behind that. That is one way, but only one.

If you want an integrated network to carry voice, data and image, you are vitally interested in using physical resources such as wideband capacity and radio in an optimum way. There is a huge job to be done managing such a network. The whole spectrum can no longer be covered by one individual supplier. It must increasingly be done by consortia and other forms of co-operation between suppliers from different backgrounds.

Q: Could IBM become involved in Europe as a telecommunications network operator as well as a supplier of equipment and services?

A: That, of course, depends very largely on the national telecommunications monopolies. The UK is leading Europe in liberalising telecommunications . . .

Q: Do you expect to see liberalisation spread to Continental Europe?

A: I expect it to spread, but I'm not too optimistic about the speed at which that will happen. The possibility of becoming a carrier and charging for the transmission data I do not see approaching rapidly in Continental Europe.

Q: IBM is collaborating with Intel, the U.S. semiconductor company, and Mitel, the Canadian telecommunications manufacturer. Are you likely to reach similar sorts of agreements with European companies in the next few years?

A: It's totally in the strategy of our corporation to do that. It takes two to tango . . . or several to have a ball!

Q: Have you found a partner?

A: I don't want to pre-empt anyone else's position. Is IBM willing to go into such arrangements? The answer is very clearly yes. But I don't want to speculate on specific forms such as joint ventures. There are other ways, consortia are a possibility. Yes, we are a willing partner

Q: Do you have any discussions under way on proposals for collaboration agreements in Europe?

A: No. We have had preliminary discussions with other parties, but those discussions are not at a conclusive stage and I have nothing to tell you about them.

> "We believe we have a considerable impact on Europe's competitive posture . . . subtract IBM from Europe and you have subtracted one of the most important enterprises in an industry of the future"

Q: IBM remains by far the largest supplier of computers and related equipment in Western Europe. *At a time when European industry is showing increasing concern about falling behind the U.S. and Japan, are you concerned that IBM could become a target for discrimination if it moves too far ahead of its European competitors?*

A: We like to move technology *just as fast* as we can. It is IBM's strategy to be the *technology leader. We do not consider* the danger that we might run too fast and nobody else could follow as a threat to IBM *in the future. There are lots of* other people in Europe, in the *U.S. and in Japan who are in* that race, too.

We consider ourselves part of Europe. Of course, I realise that *we are owned* by a U.S. parent company. But we are 100,000 Europeans here and we have manufacturing plants and *development laboratories here.* We believe that we have a *considerable impact on Europe's* competitive posture in our industry. You *subtract IBM* from Europe and you have subtracted *one of the most important* enterprises in an industry *of the future.*

Q: Many prominent figures have expressed concern that Europe must act soon, or its high-technology industries will be left far behind the U.S. and Japan. Are they being too pessimistic?

A: Of course we must make efforts in Europe to maintain or gain a leadership position in electronics. I fully support Esprit (the EEC-backed programme to foster collaboration between European electronics companies in research and development).

Q: Is IBM participating in Esprit?

A: We have submitted projects where we have stated what our contribution can be. We should know by the end of the year whether one of these projects will materialise or not.

Q: How far would you be prepared to share your technology with your European competitors?

A: Esprit projects are about future technology—it is pre-*competitive research and devel*opment. The participants must *make the results available to* all the partners. We are happy *to do that.* We have looked at several areas that have to do with *software* and, of course, at this combination area of data processing and telecommunications disciplines. That's where we believe we could make a very meaningful contribution.

Q: Though integrated circuit technology continues to advance very rapidly, there has been little real progress in the methods of producing software programmes. Do you see any breakthrough on the horizon?

A: I see no fundamental change of science or art in producing software. I see big, big progress in developing known techniques and improving productivity in software production. I believe the industrial development approach will be the future. But I don't have the vision of you or I dictating into a dictating machine what we want and then the computer doing it.

Q: President Mitterrand's Government came to power with plans to "reconquer" the French market, particularly in high technology, by means of massive state support for French industry. How have these policies affected IBM's business in France?

A: Before President Mitterrand, the French Government had an agreement which committed it to purchasing equipment for the public sector from Cii-Honeywell Bull (the main French computer manufacturer). When that commitment ended in March 1980, the French Government told us that it would open the market. That didn't happen overnight. But *it was liberalised to a very* large extent, and 1981 and 1982 were very strong growth years for our French company.

The new government, incidentally, produced an interesting document, the "Filière *Electronique," the French plan* for the electronics industry. The fact is that in that document the French Government considers IBM part of the French electronics industry.

Q: IBM has recently taken legal action against Hitachi and Mitsubishi, which it has accused of stealing its secrets, but has also agreed to collaborate with Matsushita, a third Japanese company, to develop new products. How do these contrasting developments fit into your strategy towards Japan?

A: The legal cases are not part of an IBM strategy against Japan as an *industrial* nation. We will protect our rights if we believe there has been a theft of IBM technical property. We'd do that in the U.S., or if we had a case here, or worldwide.

Q: Japanese electronics companies have been very active in Europe, but outside consumer electronics they don't seem to have made an enormous impact so far. Why do you think that is?

A: I would not like to characterise the success or failure of our Japanese competitors. But I am convinced that there are strong Japanese efforts and strategies aimed at Europe in the area of information processing. Of course we, as a European manufacturer, have not just been sitting there. We have pushed the technological level in all areas as fast as we could. I guess that many of our friends in the European electronics industry would claim that too.

So we are not in an inferior technology position, as some *European industries,* such as shipbuilding and steel, have been.

Q: Does IBM have anything to fear from Japan in terms of innovation?

A: I'm not a fearful person, but I'm not complacent. I believe that the Western observer is a bit hypnotised by Japanese competition. I don't take it lightly. But I'm not holding my breath for a catastrophe to happen.

A giant in computers

INTERNATIONAL Business Machines (IBM) of the U.S. is by far the biggest computer company operating in Western Europe. Its Europe/Middle East/Africa (EMEA) division generated revenues last year of £10.3bn, almost a third of IBM's total worldwide turnover of £34.4bn, and contributed net earnings of £1.12bn to the company's total of £4.4bn.

About 95 per cent of EMEA's business is in Western Europe, where IBM employs 100,000 staff, less than 500 of whom are Americans. European facilities include 15 manufacturing plants, nine research and development laboratories and six "scientific centres," which specialise in liaison with universities and applying technology for social purposes, such as aiding the handicapped.

Mr Kaspar Cassani, who is Swiss-born and aged 55, became chairman and chief executive of IBM World Trade Europe/Middle East/Africa at the end of 1981. He is also president of IBM Europe, a senior vice president and a member of the corporate management board, the company's top-level decision making body.

UK COMPANY NEWS

Difficult first quarter for BP

By Alison Hogan

British Petroleum had a difficult first quarter in 1983 with the uncertainty over oil prices in the market, but since March the company has been heartened by the Opec agreement and the Budget proposals on North Sea taxation.

Mr Peter Walters, the group's chairman, told shareholders at the annual general meeting that 1982 was not an easy year but that BP had emerged stronger and well placed to reap the rewards from an improving world economy.

He reported that he saw good prospects for reasonable oil price stability and said there were good signs that an upturn in the economies of the U.S. and UK had started.

BP should soon announce plans to develop the Andrew Field in the North Sea with the Phillips group, the first outcome for the company of the changes in taxation announced in the Budget. It also intends to make an early start on the development of South East Forties.

The new Budget concessions will also allow BP to bring forward the launch of a new system which has been developed to recover oil from small oil fields, previously uneconomic to work. The new SWOP system, the Single Well Oil Production System, replaces the need for expensive permanent platforms by using a ship which can move from field to field.

Mr Walters urged the Chancellor to tackle some remaining tax anomalies in the oil industry which he described as "disruptive and discouraging." Effective marginal tax rates can be over 100 per cent when "ring-fenced" taxation on existing fields is combined with a system of tax reference prices. The chairman said reference prices were sometimes well above the price realised in the "downstream" oil market.

He commented that he would like to see the price of petrol in garages retailing at at least £1.80 a gallon to make a proper return. He admitted that in 1981 and 1982, BP lost an "appalling amount of money" — £86m in 1981 and £39m in 1982. Profit margins have improved and in the general downstream business are "generally positive."

Mr Walters cautioned, however, that even after substantial reductions in costs, they were not remunerating investment at a satisfactory rate.

Royal Bank of Scotland hit by higher bad debts

WITH the bad and doubtful debts charge increasing by £10.3m to £24.5m, taxable profits of the Royal Bank of Scotland Group finished the six months to March 31 1983 well down from £43.1m to £30.9m, a 28 per cent decrease.

The interim dividend is lifted, however, to 3p (2.8p) net per 25p share—last year's final payment was 3.9p and pre-tax profits totalled £90.5m.

Sir Michael Young-Herries, chairman of this Edinburgh-based concern subsidiaries of which include the Royal Bank of Scotland and Williams and Glyn's Bank, says that the increase in the debts' provision, which shows a similar pattern in both the constituent banks, reflects the continuing difficulties being faced by industry and commerce both at home and abroad.

He says the group has done its utmost to continue to support its customers through recent difficulties where there is seen to be any hope that they could weather the recession.

"Sadly, many are still finding it impossible to continue to trade," the chairman states.

He explains that apart from the adverse affect of the higher bad debts provision, associate's share of profits were well down at £3.9m, compared with a previous £8m. This was due to the associate Lloyds and Scottish which contributed only £1.2m this time, against £6.3m for the corresponding period in 1982.

Sir Michael points out that although average volumes of deposits and advances for the six months were higher than the comparative period last year, the trend in the group's deposit mix away from current accounts to interest bearing deposits has continued, and the average base rate fell from 14.5 per cent to 10.2 per cent.

He adds, however, that the average margin between base rate and retail deposit rate widened to 3.2 per cent (2.2 per cent) and, in addition, commission and fee income has again shown an encouraging increase. Operating costs were inevitably higher.

A percentage split of the group's pre-tax surplus shows: domestic 37 per cent (48 per cent); international 23 per cent (22 per cent); related services 40 per cent (30 per cent).

Profits were also struck after interest on subordinated loans, lower at £7.7m (£10.3m), and subject to tax of £9.2m, against £10.2m.

The attributable balance for the first half was £21.6m after preference dividends of £0.1m (same). Last year's attributable was much higher at £59.9m and included an exceptional credit of £24.2m for deferred tax release and capital allowances, and a £2.9m extraordinary credit.

Earnings per share are shown as 9.6p, compared with 14.5p, before the exceptional item and 26.3p after.

Dividends will absorb £6.8m (£6.3m) and leave £14.8m (£53.6m) retained.

On a current cost basis the pre-tax figure is reduced to £23.1m (£27.1m).

Sir Michael says that although recent economic indicators support the view that a recovery may be under way, "the UK economy remains fragile, and is dependent long-term on a sustained upturn of the world, and especially the U.S., economy."

See Lex

HIGHLIGHTS

In its look at the markets today Lex discusses the Government tap stock sale by tender. The column goes on to consider the full-year figures from European Ferries, which lifted pre-tax profits by £3.2m to £30.7m. Also examined are the interim figures from Royal Bank of Scotland, which shows a fall in profits from £43.1m to £30.9m in the wake of a further increase in bad debt provisions. Lex further considers the changes in the rules for pension funds on the financial futures exchange, and talks about News Corporation's attempt to buy out the minority holders in the non-voting capital of News International.

Forward Tech. omits payout

A SHARP rise in interest charges has pushed Forward Technology Industries deeper into the red and the group, with interests in electronics and sound and vision, is passing its dividend for 1982—it paid 3p net previously.

The loss for the year totalled £997,000, compared with 1981s £691,000, but the group recovered strongly in the second six months when it incurred a deficit of just £24,000.

Chairman Mr Gordon Allen says it would be unwise, with the experience of the past two years, to make any forecast for 1983. However, he points out that results of the continuing activities for the first quarter "are encouraging."

He comments that order books at end-March were healthily in excess of March 1982 and that the continuing businesses are of good quality. These are expected to demonstrate their earnings capabilities during the current year, Mr Allen concludes.

Turnover for 1982 totalled £44.02m (£41.91m), with the continuing activities share amounting to £27.32m. Interest charges rose from £1.36m to £1.77m; the continuing activities accounted for £1.01m (£523,000) with the balance charged to the discontinued activities.

Below the line extraordinary debits of £3.19m (£1.36m) pushed the group £4.82m into the red, compared with £2.44m for 1981. Loss per share emerged at 9.6p (6.4p).

The extraordinary items were receivership deficits £2.23m (nil), reorganisation and closure costs £196,000 (£1.65m) and goodwill written off £767,000 (nil)—tax last year accounted for £286,000.

It is stated that talks with a third party, announced in January, are now not expected to lead to an offer being made for the group's shares although discussions are continuing with the third party with a view to other forms of collaboration.

In their report for 1982 the group's auditors, Deloitte Haskins and Sons, point out that the accounts of the companies in receivership have not been audited and, as stated in the notes to the accounts, the results of these companies have been computed by reference to the estimated realisable value of their net assets.

Subject only to the allocation of these results between the loss included in the operating profit and the charge for extraordinary items, the auditors are of the opinion that the accounts give a true and fair view of the group at year end.

European Ferries tops £30m: pays more

AN INCREASE of £3.2m to £30.7m in pre-tax profit for 1983 is reported by European Ferries. The dividend is stepped up from 3.1p to 3.35p net with a final of 2.35p.

The profit mix shows a distinct change this year in that shipping (cross-channel ferries) has made a strong recovery from £1.9m to £12.8m, while in banking (Singer and Friedlander) and property the contribution has shown a sharp downturn from £16.9m to £5.8m. Harbour operations (Felixstowe and Larne) expanded, producing an increase from £5.2m to £8.5m, and associates came up with £3.6m, compared with £2.5m.

Turnover rose by £15.2m to £292.9m. Shipping contributed £207.7m (£183m), harbour operations £34.4m (£29.4m), and banking and property £50.8m (£65.3m).

After tax of £6.8m (£5.2m) the net profit came out at £23.9m, against £22.3m, and was subject to minorities of £0.8m (£1.7m). The tax charge comprised current and deferred corporation £0.8m (£0.4m); ACT £4.3m (£3.5m), development land £1.4m (nil), associates £0.1m (nil), overseas group £0.1m (£1.3m) and overseas associates £0.1m (nil).

Earnings are shown to be up from 8p to 8.3p per share.

There are extraordinary credits totalling £3.9m (£1m) consisting of: profits on currency loans and other exchange differences £4.6m (£1.5m); net profit on realisation and provisions for diminution in value of investments £0.1m (£0.5m); and goodwill written off £0.6m (nil).

See Lex

Lower deficit from Barton Transport

Lower pre-tax losses of £37,088 against £179,564 were shown by Barton Transport for the 24 weeks to March 12 1983. The directors say that as usual owing to the seasonal nature of a large element of the company's business the interim result should not be taken as an indicator for the full year.

Turnover of this road transport and used car dealing concern increased from £3.22m to £3.43m.

The directors say that they are endeavouring in many ways to reduce overheads, but add that revenue is increasing at a greater rate than expenditure.

In the last full year pre-tax losses amounted to £54,823 against £95,162 on turnover of £7.67m (£7.14m). The directors said then that no dividend would be paid on the deferred shares of this close company, but that the situation would be reviewed at the interim stage. In the event no interim dividend has been declared—the last dividend was a second payment of 8p in 1981.

At the trading level losses were cut from £189,612 to £53,526. Gross investment income added £3,198 against £3,038 and associate profits rose from £7,010 to £13,240.

Group tax amounted to £959 (£911) and for the associate to £6,450 this time.

Sound Diffusion soars to £3.25m: expansion planned

AS ANTICIPATED in the interim report electronic engineer Sound Diffusion achieved exceptionally good results for 1982 with profits at the pre-tax level rising to £3.25m, more than double the £1.59m, returned for 1981.

The dividend is being increased by 20 per cent to 0.8694p (0.7245p) net and a scrip issue on a two-for-one basis is also proposed.

On the outlook Mr C. R. Stonor, the chairman, says that a rapid rise in order intake has produced some temporary, but acute, supply problems and there is a possibility that the interim results for the current year will not be able to reflect fully the rapid acceleration of trading which is taking place.

He adds that the group is continuing to achieve growth at a high rate based on the secure foundation of long-term equipment rental and that the results for 1983 "may therefore be anticipated with considerable optimism."

Group turnover for 1982 expanded by £2.25m to £9.01m and operating profits before depreciation, interest and tax emerged at £3.77m, compared with £1.89m previously.

There was no tax charge on the profit figures but ACT payable in respect of the proposed dividend took £172,000 (£143,000).

Extraordinary debits were down sharply at £54,000 (£1.4m) leaving the available balance well ahead at £3.02m, against £301,000. Dividend payments will absorb £401,000 (£334,000).

Stated earnings per share came through 3.11p higher at 6.67p.

Mr Stonor points out that the group's sales force has been very substantially increased in recent months and the rate of order intake for rental business is rising sharply, especially for new product lines.

The supply problem has convinced the directors that the only satisfactory solution for some product lines would be to acquire profitable companies already producing and selling products similar to those being rented by the group.

Such acquisition, he comments, would also enable Sound Diffusion to introduce rental-based selling in the acquired companies' own market areas.

The chairman says the group is at present having talks with a catering equipment manufacturer with a view to making an acquisition—the purchase price would be less than 1 per cent of the group's present market capitalisation if the discussions were successful.

He reveals that members of his family have notified that they propose to sell some, or all, of their shareholdings in the group during 1983. Collectively, their holdings are approximately 4 per cent of the issued capital. Any share sales of a significant size would be placed with institutions.

● comment

Sound Diffusion doubled its profits in 1982 meeting shareholders' expectations who have pushed the share price up from a 1982 low of 53p to 254p where it sells on a very demanding 38 years earnings fully taxed, on a stated earnings per share of 6.67p. There is bound to be some profit taking, including by the family who propose to sell some of their 4 per cent shareholding, except for the chairman Paul Stonor who is not selling. Prospects look good for 1983. Sound Diffusion sells equipment from public address systems to catering equipment to hospitals and nursing homes. It doubled its new business in 1982 and hopes to overcome supply problems by making acquisitions of some businesses making the good it sells. It keeps tax to a minimum through the leasing of much of its equipment. In the early days it raised cash by selling on leases to finance houses. It has gradually reduced the proportion of such business from 80 per cent to 45½ per cent and will come down to 35 per cent, eventually aiming to be totally self funding improving the quality of earnings. It has brought in Ernst and Whinny as additional auditors to keep the City happy as it grows bigger and it could make £5m in 1983.

Caparo Inds. surges to £1.22m

WITH A rise in turnover from £39.12m to £52.42m taxable profits of engineering, industrial services, metals and property group Caparo Industries advanced from £419,000 to £1.22m in 1982.

The directors say that the improved results and future prospects justify an increase in the year's dividend: the final distribution is being raised from 0.5p to 0.75p net making a total of 1.25p (1p). Stated earnings per 25p share slipped from 5.28p to 4.63p.

An improvement in operating profits from £1.35m to £2.86m and the raised expectations for the future arise from the elimination of lossmakers, and the restructuring of businesses and overheads to match the current level of demand.

The directors say the changes, together with a keen focus on the use of capital employed, should lead to further growth in earnings; this process is not dependent on any major recovery in the economy, of which so far there are only a few signs.

Taxable profits were struck after interest payable of £1.34m (£947,000), tax added £531,000 (£1.15m) and there were extraordinary debits for closures and rationalisation of £728,000 (£60,000), leaving attributable profits of £1.02m (£1.51m).

● comment

A 42 per cent increase in the interest bill—caused by the cost of financing share purchases—took some of the gloss from Caparo's more than doubled operating profit and pushed debt up to 60 per cent of net assets. Several of CMT's industrial supplies customers went into receivership, providing a further blow in the shape of £306,000 bad debts. But the group still managed to pull a record pre-tax figure out of the hat, assisted by a lively performance from its forklift truck and metals businesses and an 800,000 profit from the sale of part of its Ductile stake. Caparo will dispose of the rest of its shares in the group in the current year, producing a similar gain. The company sees little chance of a pick-up in trading conditions ahead, but margins should show a distinct improvement on the back of a 35 per cent reduction in overheads achieved by cost cutting, redundancies and a management shake-up at CMT. Taking in the Austin purchase, Caparo looks capable of 2m in the current year. On yesterday's unchanged price of 32.5p, the shares stand on a prospective p/e of 12.5.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Altifund ....income	5	—	4.75	7.5	7.25
Altifund ....capital	0.25	—	0.24	0.38	0.36
T. Cowie ....int	0.8	July 22	0.8	—	2
Caparo Industries	0.75	July 1	0.5	1.25	1
Doranakande	2	July 16	2	3	3
Electra Inv Tst	1.76	July 1	1.6	3.3	3
European Ferries	2.35	—	2.1	3.35	3.1
Fleming Far East	2	—	3.2	3.5	4.7
Forward Technology ...	Nil	—	0.7	Nil	3
Garnar Booth	4.25	July 4	4	6.65	6.4
Norman Hay	1.85	—	1.85	3.1	3.1
N. Midland Construcn ...	0.65	—	0.65	0.65	0.65
Royal Bk Scotland ...int	3	July 1	2.8	—	6.7
Sound Diffusion	0.87	July 30	0.72	0.87	0.72
Sungei Bahru ....int	0.5	June 15	0.5	—	1.25
J. O. Walker	2.5	July 7	1	3.5	1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

UK COMPANY NEWS

National Freight better than expected

By Hazel Duffy, Transport Correspondent

THE National Freight Consortium, owned by employees and their families, has continued to increase dividend payments.

The profit from trading activities totalled £4.8m, better than budget and broadly £5m ahead of last year. This was supplemented by £5.9m profit from the *disposal of surplus* property.

A second interim dividend of 5p a share is declared which represents a gross dividend of 7.1p. The bonus shares issued *on April 13 do not rank for* dividend until after July 1. NFC shares have been valued independently at £1.60 per share—equivalent to a valuation of £3.20 before the bonus issue.

The directors state that the second quarter of the year is traditionally the lowest trading quarter, but cumulatively the turnover continued to run ahead of last year. A satisfactory start to the financial year has continued in the second quarter.

Dunlop chief emoluments rise to £81,856

Accounts to the annual report of Dunlop Holdings show that emoluments of Sir Campbell Fraser, the chairman, have risen from £67,689 to £81,856 for 1982, *out of directors' remuneration* totalling £706,196, against £684,647.

As reported on April 22 the group suffered continuing problems *in the European* tyre market and incurred a taxable loss of £7m for the 12 months to December 31 last, compared with a break-even situation for 1981.

Following a marked deterioration in the second half of 1982, the directors reported that results for the early months of the current year were lower than those for the corresponding period.

They added, however, that profits of diversified products operations in the UK were improving and a number of overseas subsidiaries were performing well.

Balance sheet at the year end shows group fixed assets of £373m (£332m), investments, £79m (£46m), net current assets of £197m (same) and net assets employed amounting to £649m (£575m). Shareholders' funds *are down slightly at* £251m (£253m).

Meeting, Cafe Royal W, May 31 at noon.

Brent Chemicals

Management accounts of Brent Chemicals International for the first quarter show earnings higher than in 1982 and ahead of managements' planned earnings target for the period.

MINING NEWS

Hanna hopes to be back in profit by end-year

BY KENNETH MARSTON, MINING EDITOR

ANOTHER major U.S. mining company now beginning to emerge from last year's deep recession is Hanna Mining with its interests in iron ore, nickel and energy. Hanna was a victim of tthe downturn in thte steel industry last year and suffered a net loss of $80.34m (£50.8m) compared with a loss of $44.02m in 1981.

The 27 per cent-owned Iron Ore Company of Canada lost $37.6m and there as a debit of $5.1m at the U.S. iron ore operations. Coal provided a reduced profit of $1.9m, a contribution of $9.5m from the 50 per cent-owned Colowyo Coal in Colorado being largely offset by losses at tthe eastern coal operations.

The Brazilian iron ore operations remained in profit, albeit reduced to $4.8m from $9.8m in 1981, while the aluminium operations earned $1.1m against a loss of $1.4m in the previous year.

Hanna's loss in the final quarter of 1982 amounted to $65.29m but this was reduced to $11.2m in the first quarter of this *year. Mr Robert F. Anderson,* the chairman, now says: "We remain hopeful that Hanna will return to profitable operating levels by year-end."

He *pointed out at the annual* meeting that in March the company resumed production at several of the mining operations that had been idle for most of 1982. He *added that Hanna*, "is studying a number of new business areas where we feel we can use our existing management and technical expertise."

As far as the steel-related activities, particularly iron ore production, are concerned *Hanna sees little hope of any* expansion "in the near term."

International round-up

A CHANGE in the product mix to give a greater emphasis on gold, and the state-guaranteed floor price of U.S. cents 76 per pound for copper, combined to improve the results of Atlas *Consolidated Mining and Development* in the first quarter of the year. Atlas is the largest metals producer in the Philippines.

Net income for the period was Pesos 52.07m (£3.5m), which compares with a loss of Pesos 90.5m in the first quarter of 1982, and profits of Pesos 20.7m in the final quarter of last year, reports Leo Gonzaga in Manila.

Copper and silver production was marginally lower, at 72.6m lbs and 141,000 ounces *respectively,* but gold output rose to 51,470 oz.

This boosted sales revenue by 30 per cent to Pesos 603.18, which in turn produced higher profits.

* * *

The steady increase in the gold price over the 12 months to March 31 has enabled Falcon *Mines,* the Zimbabwe gold producer, to declare a dividend of 60 Zimbabwe cents (40p) a share.

Provided there are no changes in Zimbabwe's exchange control *regulations before the* payment date, payments will be made from the company's London and Johannesburg offices in local currency on June 6.

Falcon warned *last July that* it would only be able to pay a dividend for the year if the gold price averaged more than $340 an ounce.

The first quarter average was a little below this level, but subsequent rises produced an overall average of around $400, enabling the company to pay a dividend after the omission of the final for the previous year.

* * *

Lower tin production as a result of the production controls imposed by the sixth International Tin Agreement was offset by the *higher price* received in the wake of the successful price support operation organised by the producing countries.

Thus Gopeng Consolidated, which produces tin in Malaysia, *was able to report pre-tax profits* of £1.96m for the six months to end-March, compared with £1.32m in the first half of the *previous* financial year.

Gopeng, including the Mambang Di-Awan operation, produced a total of *1,045* tonnes of tin, of which 739 tonnes were sold during the period, with the remainder being added to stockpiles. The average price received was around *£6,000* per tonne, against under £5,000 last time.

* * *

The latest quarterly report from Meekatharra Minerals reveals that mine planning, geotechnical and hydrological studies on the big Wintinna coal project in the Arckaringa Basin of South Australia have begun.

Mr Don O'Callaghan, Meekatharra's chairman, adds that the company is continuing its drilling programme, which is designed to upgrade the Wintinna and East Wintinna reserves and continue the appraisal of the Murloocoppie and Westfield deposits.

The report also discloses a slight increase in the total of reserves at Wintinna beyond the 1.5bn tonne mark

Australia's CSR reports that during the past quarter the first gold was produced at the Paringa mine *treatment plant,* near Kalgoorlie on the Golden Mile, some two months ahead of schedule.

The UK Hampton Gold Mining *Areas has a 20 per cent stake in* the venture which is expanding milling capacity to 180,000 tonnes of ore a year from 130,000 tonnes.

CSR also announces *that in* February it sold its 15.39 per cent interest in the Meekatharra joint gold venture to the Northgate Exploration group's 27 per cent-owned *Whim Creek Consolidated* for A$1.05m (£578,000) and 2,000 oz gold.

Encouraging assay results have been obtained in drilling of the *Australian Conjuboy joint* venture's Surveyor 1 lease, 35 kilometres northwest of Greenvale in north-eastern Queensland. Partners are Canada's Noranda (*40* per cent), Australia's Peko-Wallsend (50 per cent) and Jones Mining (10 per cent).

Drilling has located and partially outlined a zone of base and precious metal mineralisation *which, it is stated, is structurally* complex. The limits of the mineralisation have not yet been defined and *drilling* is continuing.

* * *

The staking rush now taking place in Western Australia's *Eastern Goldfields* region near Kalgoorlie continues, with news that Eastern Petroleum has acquired a 51 per cent interest in a block of tenements north of Broad Arrow, the potentially very exciting prospect owned by Samantha and Samson.

The areas, known as Beeck and East Beeck, were acquired from local prospecting interests.

Eastern Petroleum is con*trolled by Black Hill Minerals,* itself part of the Western Continental group.

Eastern also has an interest in part of the promising Black Hill/Australian Occidental block, near the Mount Charlotte mine. This *whole area will be the subject* of a separate report in about two weeks' time.

The report should make interesting reading as Black Hill believes it has a part to play in the race which is now deve*loping among the groups* involved in the Eastern Goldfields to be the first to bring a mine to production.

* * *

CDCP Mining of the Philippines saw its net loss increase to Pesos 299.6m (£20m) last year from 1981's Pesos 201.3m. The company produces copper concentrates with gold, silver and pyrite by-products in the central *Philippines, reports Leo Gonzaga* in Manila.

Philippine Phosphate Fertiliser Corporation (Philpos) plans to recover further pyrite from *CDCP Mining's tailings to pro*vide one of the raw materials for the fertiliser business.

With the 332,000 tonnes of recoverable pyrite in CDCP's tailings covered by a 10-year supply contract with Philphos, *this project* could be a useful source of revenue for the mining company.

UK COMPANY NEWS

Towles leaps to £375,000: raises dividend

Hosiery and knitwear manufacturer Towles moved ahead from taxable profits of £151,000 to £375,000 in the 12 months to February 28 1983 on higher turnover of £12.3m compared with £10.98m.

The year's single dividend payment is being increased from 2.1p to 2.4p net. Earnings per 10p share are given higher at 15.18p (6.5p).

The pre-tax figure was struck after interest payable of £83,000 (£25,000), depreciation of £198,000 (£174,000), directors emoluments of £101,000 (£94,000) and auditors remuneration £9,000 (same).

Cadbury Schweppes

At the annual meeting of Cadbury Schweppes, Sir Adrian Cadbury, the chairman, told members he was confident that the company's reputation for real and consistent progress would be maintained in the current year.

Sales in 1983 had started slowly, but were picking up around the world. Benefits of the group's investment programme were coming through in improved efficiencies and that these, combined with close control of costs, meant that budgets were being met.

Pittard optimism

Mr N. E. Wood, chairman of the Pittard Group told the AGM that trading conditions were generally better than at this time last year and that he was more optimistic than at the time of the preliminary announcement in March.

Associates growth keeps Cowie ahead

FOR THE six months to March 31 1983 profits of T. Cowie have shown a slight increase, from £311,000 to £325,000. For the full year the directors are looking for a result comparable with the £1m pre-tax achieved in the year ended September 30 1982, "provided circumstances and trading conditions do not alter in the short term."

The group's main line of business is motor vehicle dealing and coach tour operating (through George Ewer). The directors report that the coach and travel devision has not had the benefits of the rail strike seen in the same period last year, and therefore the loss sustained in this normally adverse trading period has worsened.

Group turnover for the half year advanced by £6m to £50m.

The profit was helped by a reduction in interest rates, which fell by £190,000 to £716,000; and a boost from the contribution by associate companies. These provided £353,000 (£269,000) and for this half year have kept the group in profit. The principal associates are Cowie Financial Services (50 per cent owned) and Gambia Agricultural Mechanisation (40 per cent).

After tax of £81,000 (same) there is an attributable profit of £255,000, compared with £230,000. Earnings are shown at 1.17p (1.15p) per share and the interim is unchanged at 0.8p net.

For the year ended September 30 1982 the company paid a total dividend of 2p, against 1.6p in the previous year when profits dropped to £334,000.

Record profit by Batus

Record net profits of $214m (£137.1m) against $179.7m (£115m) are reported by Batus Inc., the wholly-owned American subsidiary of BAT Industries, for 1982. Sales rose from $4.59bn to $5.51bn.

The company says operating profits of its tobacco division rose from $252m to $365m on sales volume up from $1.97bn to $2.1bn. Despite this improvement, Batus says its Brown and Williams Tobacco Corporation unit, which is the third largest U.S. cigarette manufacturer, had a 6 per cent drop in volume during the year which cut its market share from 14 per cent to 13.4 per cent.

Operating profits from the retailing division, which includes Gimbels Brothers, Saks Fifth Avenue and Marshall Field, rose from $126.8m to $161m from sales up from $2.2bn to $3bn. In the paper division, income improved from $36.9m to $64m on sales up from $403.2m to $411.8m.

Yearlings total £21m

Yearling bonds totalling £21m at 10¼ per cent redeemable on May 9 1984 have been issued this week by the following local authorities.

Cheltenham Borough Council £0.5m; Brent (London Borough of) £0.5m; Blackburn BC £0.5m; Eastleigh (Borough of) £0.25m; Ettrick and Lauderdale District Council £0.25m; Lothian Regional Council £1.25m; Rotherham (Metropolitan Borough Council of) £2.75m; Merthyr Tydfil BC £0.5m; Mendip BC £0.5m; North Shropshire DC £0.5m; Ogwr BC £0.5m; South Pembrokeshire DC £0.25m; Westminster (City of) £1m; West Oxfordshire DC £0.25m; Edinburgh (City of) DC £1m; Glasgow (City of) DC £2m; Hillingdon (London Borough of) £1m; Lincoln (City of) £0.5m; Strathclyde RC £2m; Dudley Metropolitan BC £0.75m; Islington (London Borough of) £2m; Sefton Metropolitan BC £1m; Eastbourne BC £0.25m; Renfrew DC £1m.

RESULTS AND ACCOUNTS IN BRIEF

WINTERBOTTOM ENERGY TRUST—Net asset value per ordinary share 68.1p, after deduction of prior charges at par, and 70.3p after deducting prior charges at market value.

DRAYTON CONSOLIDATED TRUST—Interim dividend 2p net (same) for the six months to the end of March 1983. Net revenue after tax £1.28m (£1.19m). Tax £382,900 (£745,400). Attributable revenue £1.25m (£1.15m). Earnings per share, fully diluted, 3.64p (3.35p). Net asset value 294.63p (238.13p). Gross income £1.96m (£2.23m).

ABERDEEN TRUST (investment trust)—Interim dividend 1.6p (1.5333p) for six months ended March 31 1983. Final of at least 2.8p (same) anticipated. Gross revenue £1.48m (same) after interest and expenses. Tax £414,?7 (£460,837). Earnings per 25p share 2.05p (1.89p). Net asset value 155p (116p)—all comparisons have been adjusted. Directors view investment opportunities overseas, particularly in U.S., are currently more attractive than in UK so overseas portfolio has been considerably enlarged and now represents 31.9 per cent (21 per cent) of total assets. This was achieved partly by means of a loan facility of $4m arranged with Bank of Montreal. Company has also negotiated further £5m short-term borrowing facility with Royal Bank of Scotland.

WEMYSS INVESTMENT TRUST—Net interim dividend 7p (same) for the six months to the end of March 1983. Available profits £213,000 (£214,000). Earnings per £1 share 9.5p (same). Net asset value excluding interim dividend 527p (438p).

OCEANA DEVELOPMENT INVESTMENT TRUST—Net dividend 1.82p (0.65p) for the year to March 31 1983. Gross revenue £30,339 (£16,092). Revenue £29,233 (£4,704). Tax £6,347 (£2,730). Earnings per share 5.54p (0.89p). Net asset value 56.4p (43.8p).

MILFORD (DONEGAL) BAKERY AND FLOUR MILLS—Results for half year to February 28 1983. Interim dividend 3.75p (same), profit I£35,037 (I£133,941) after depreciation £107,690 (£112,896), and tax £7,973 (£18,301).

H. C. SLINGSBY (truck and ladder manufacturer)—Final dividend of 1.8p (0.6p) making 2.4p (1.2p) for 1982. Pre-tax profits £85,165 (£2,055); sales £3.17m (£2.78m); interest £12,793 (£7,036); tax £26,234 (nil); net earnings per share 3.9p (0.2p); current cost pre-tax loss £21,987 (£81,330).

BANK RETURN

	Wednesday May 4 1983	Increase (+) or Decrease (—) for week

BANKING DEPARTMENT

	£	£
Liabilities		
Capital	14,553,000	—
Public Deposits	42,705,528	+ 1,573,270
Bankers Deposits	570,356,586	— 58,093,923
Reserve and other Accounts	2,064,500,845	+ 25,159,755
	2,692,115,959	— 31,360,898
Assets		
Government Securities	512,246,952	+ 19,706,000
Advances & other Accounts	1,263,562,222	— 70,729,250
Premises Equipment & other Secs.	910,184,455	+ 18,009,101
Notes	5,965,073	+ 1,618,796
Coin	157,257	+ 35,955
	2,692,115,959	— 31,360,898

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	11,260,000,000	+ 80,000,000
In Circulation	11,254,034,927	+ 78,381,204
In Banking Department	5,965,073	+ 1,618,796
Assets		
Government Debt	11,015,100	—
Other Government Securities	4,644,857,005	+ 518,002,840
Other Securities	6,604,127,895	— 438,002,840
	11,260,000,000	+ 80,000,000

ISSUE NEWS

Micro Focus 155p per share offer by tender

By Dominic Lawson

Micro Focus Group, a supplier of software development aids for the microcomputer industry, is joining the Unlisted Securities Market through an offer for sale by tender. The company is offering 2,367,800 shares, representing 23 per cent of the ordinary share capital, at a minimum tender price of 155p per share.

About two thirds of the issue will be money raised for the company, and the net proceeds are estimated at £2.1m.

After four years of losses, Micro Focus made a pre-tax profit of £854,000 in the year to November 1982. No profits forecast accompanies the issue.

At the minimum tender price Micro Focus would be capitalised at £16m, and on an historic fully taxed p/e of 39.

Micro Focus was formed in 1976, and its growth has been based on the development of the power of microcomputers to the level of powerful business tools. In 1978 the company introduced the first of a set of systems programmes which would enable the business language of COBOL previously only used on mainframe computers to be used on microcomputers.

The company claims that it is the principal supplier in the world of systems software to facilitate the use of COBOL on microcomputers. [It is the first software company to receive a Queen's Award for Technological Achievement, and in 1982 the company also received a Queen's Award for Export Achievement.]

Some 70 per cent of the company's sales are overseas, with the U.S. representing the largest market, followed by Japan. Customers include Intel, Apple, Hitachi, ICL, Ferranti and Plessey.

The directors do not intend to pay dividends for the foreseeable future. Mr Brian Reynolds, chairman, said yesterday "this is unusual for a UK-quoted company, but in Silicon Valley it is the norm."

The offer has been underwritten by Singer and Friedlander. Laurence Prust and Co are brokers to the issue. Application lists will open on May 12 and dealings are expected to begin on May 18.

● comment

The reasons for Micro Focus's decision to go public are not entirely clear. It has just surmounted the early years of heavy research and development, and should be cash generative from here on in. As for the need to provide share options for employees: the chief significance of being on the USM is that it will enable those employees to find a ready market if they want to sell. As a USM tender offer, rather than the usual placing method, a profits forecast would have been most welcome, especially as the company is almost half way through its year. But Micro Focus at least "intends" to double its revenue each year, and indeed its prospects, and its list of customers, seem outstanding. For that reason, and more important, because MF is almost a caricature of the USM hot-stock, applicants offering less than £2 a share could well be disappointed.

Hawley Group making £14m 'expansion' call

TO PUT itself in a good position to take advantage of opportunities for expansion, the Hawley Group is making a rights issue to raise some £14.4m, after expenses. Only on Wednesday the company announced that profits had risen from £2.9m to £5.45m for 1982, and that net assets now exceeded the 200p per share mark.

Shareholders registered April 29 are offered 10.2m shares on a rights basis of one-for-four at 146p each. The issue has been underwritten by Barclays Merchant Bank and the brokers are Capel-Cure Myers.

The directors claim that they intend to maintain Hawley's "excellent growth record" and the purpose of the issue is to strengthen the capital base and eliminate bank borrowings. Part of the monies to be raised will refinance Hawley's subscription to the recently announced rights issue of Electro-Protective.

Provisional allotment letters and circulars containing full details will be posted today. It is expected that new dealings, nil paid, in the new shares will start on Monday. Fractions of shares will be sold for the benefit of the company. The new shares will not rank for the final dividend of 1.56p being recommended for 1982.

● comment

Ashcroft wants cash—official. Only a week ago Hawley Group subsidiary Electro-Protective launched a £10m rights issue, and associate Kean and Scott's March acquisition of Alpine had already brought £3m of new cash into the Ashcroft Empire. This latest injection will have the effect of putting the whole group into a net cash position. Certainly the market currently seems to be subscribing to everything that moves, but Hawley's issue may not just be opportunism. Mr Ashcroft's aggressive reputation (remember the Miss World dawn raid?) suggests that the decks are being cleared for something big. One obvious area of great expansion is the U.S. alarm business and that would need cash. The timing of the announcement is odd—two days after the full year results but 10 days before the publication of the report and accounts. But with the rights issue queue jampacked for the next four months, no one can be choosy. Current outside forecasts that Hawley could make £12m pre-tax this year put the shares on an ex-rights fully taxed and diluted PE of about 13, although the actual tax charge could be as low as 20 per cent.

Castle (GB) to get USM quote

BY DOMINIC LAWSON

Castle (GB), a fast growing distributor of kitchen furniture and bathroom fittings, will shortly make its debut on the Unlisted Securities Market. It will be given a market price tag of about £9m.

The company was formed in 1976 by three directors of Thomas Easthams, the kitchen furniture division of Burco Dean.

During the recession the furniture industry in general has had a torrid time but in the period since 1978 Castle has achieved average annual compound growth in turnover and profit of 80 per cent and about 75 per cent respectively. In the year to July 1982 the group made profits before tax of £900,000 on turnover of £10m. For the current year over £1m seems on the cards.

Castle is neither a manufacturer nor a retailer but the furniture it distributes is branded with its own name. Its exclusive manufacturing source is Rational of West Germany. All the furniture is manufactured in Cork, Ireland.

Castle executive chairman Mr Bruce Troughton says: "We are in the middle to upper range of the market. Almost all of our fitted kitchens are in the £2,000-£5,000 price range. We have at all times avoided the low price high volume end of the market."

The group particularly prides itself on being able to supply a retailer anywhere in the UK within three days out of stock. In 1978 Castle launched a range of electrical and gas appliances to complement the kitchen furniture.

Charterhouse Development Capital, part of the Charterhouse Group, made a £327,000 investment in Castle in October 1980, in return for 27 per cent of the equity.

Mr Troughton insists that Castle's success is due to its marketing skills and says: "those skills could well be applied to other businesses."

Two years ago Castle attempted to do this by developing its own range of bathroom products—in this case its main supplier was Belgian.

Although the bathroom side employs the same size sales staff as the kitchen business, it represents only about 10 per cent of turnover and is not yet profitable.

Mr Troughton admits: "We made one or two mistakes early on when we moved into the bathroom business. In particular we underestimated the time scale of product development. But in three years the bathroom business could account for about a third of our turnover."

He added: "When we come to the USM we will be raising money. We are running short of tax shelter and we need an extra cash investment."

It is likely that about 30 per cent of the equity will be in public hands after the flotation.

Boase 315p striking price

THE OFFER for sale by tender of 29.4 per cent of the ordinary share capital of the advertising agency Boase Massimi Pollitt (BMP) was oversubscribed 2.7 times at the minimum tender price of 280p a share.

Banker Morgan Grenfell has settled on a striking price of £315p, a comfortable 12½ per cent premium to the minimum tender price and, covered twice by subscriptions, should ensure a smooth take off for BMP when dealings start in its shares on the Stock Exchange on Tuesday May 10.

At the 315p striking price BMP is capitalised at £16.2m.

Allocations for shares, after taking out multiple applications, allow all employee applications amounting to 14,425 shares to be satisfied and all applications up to 800 shares.

For 900 to 5,000 shares the allocation is 80 per cent or a minimum of 800 shares, 6,000 to 50,000 shares, 50 per cent with a minimum of 4,000 shares and for 60,000 or more, 40 per cent subject to a minimum of 25,000 and a maximum of 125,000 shares.

American General London listing

American General, the fourth largest publicly owned insurance company in the U.S., yesterday obtained a listing on the London Stock Exchange for its common shares. The move marks the second step of the group's strategic approach to European capital markets with the aims of diversifying its funding sources and giving Albany Life, its UK subsidiary "more presence and prominence."

The fully converted equity total is 131,658,909 shares at an effective market price, after a three-for-one split, of $23.50 (£14.95) per share. On that basis, the company's UK market capitalisation is £1.45bn and the shares stand on a net asset value equivalent to £16.

The listing, which cost the group £50,000, was sponsored by Credit Suisse First Boston and S. G. Warburg and the brokers were Rowe and Pitman.

American General, whose main business is in life and property insurance, made its first step into capital markets across the Atlantic last year when it entered into an agreement for a $100m Eurocredit facility.

Mr Michael Poulos, American General's president, said: "If we were to decide on additional acquisitions in Europe, the listing would perhaps put us in a more advantageous position."

Last autumn, American General purchased NLT Corporation, an insurance group, in a transaction valued at $1.5bn. That was followed last month by an agreed bid for the insurance interests of Gulf United, which will cost more than $1.1bn.

"We now feel that the UK would be a good market to expand into, particularly in the life end of the business," said Mr Poulos.

The Gulf United deal will leave American General with annual revenues of about $4.5bn—nearly twice the 1981 level.

BOARD MEETINGS

TODAY

Interims: Anglo-African Finance, Transvaal Consolidated Land and Exploration.

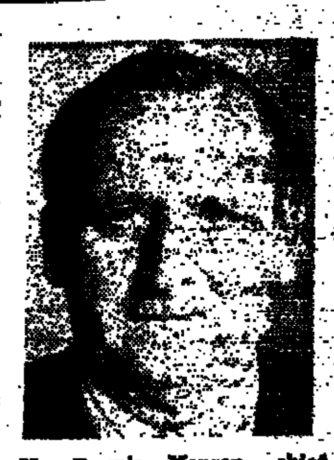
Finals: Ayrshire Metal Products, Copydex, Evered, Fleming Far Eastern Investment Trust, Hallam Group of Nottingham, Northern Goldsmiths, Save and Prosper Linked Investment Trust, Scottish Ontario Investment, Stewart Enterprise Investment, Tern-Consulate, U.E.I.

FUTURE DATES

Interims—	
Borthwick (Thomas)	May 17
Brockhouse	May 26
Construction Holdings	May 19
G.R. (Holdings)	May 11
Grosvenor	May 9
North Atlantic Securities	May 12
Pyke	May 23
Stenhouse	May 19
Trafalgar House	May 9
Finals—	
Beattie (James)	May 13
Chamberlin and Hill	May 18
King and Shaxson	May 13
London and Lennox Inv. Tst.	May 17
Miles 33	May 10
Prince of Wales Hotels	May 10
Porter Chadburn	May 12
Weeks Associates	May 16

APPOINTMENTS

Dowty Group chief executive



Mr Dennis Morgan, chief executive of Dowty Group

Following his retirement, Sir Robert Hunt will be succeeded as chief executive, DOWTY GROUP, on June 1, by Mr Dennis Morgan, who becomes responsible to the board for the group's activities worldwide. Sir Robert, who has been with the group since 1935, continues as chairman of the group board. Mr Morgan joined the group in 1960 and became managing director of the mining division in 1976. He joined the main board in 1977.

★

Mr C. F. Blewett has been appointed from July 1 a regional director of the Devon and Cornwall regional board of LLOYDS BANK. He recently retired as a joint general manager of the bank after 43 years' service.

★

United Paper Mills, a Finnish company, has made the following appointments for its subsidiary, SHOTTON PAPER COMPANY: Mr N. Hakkarainen, chairman; Mr J. Marttinen, managing director; Mr K. Lyden, administrative director and company secretary; and Mr O. Parola and Mr I. Hägglom, directors.

★

Mr Ronald G. West has been appointed joint managing director of MODERN METHODS AND MATERIALS, Mexborough. He was managing director of George Butler of Sheffield for 25 years.

★

Mr T. N. Risk, governor of the Bank of Scotland, has also been appointed a director of BARCLAYS BANK. Mr B. E. Hersov, has been appointed a director of Barclays Bank International.

★

DORMAN SMITH SWITCHGEAR has appointed Mr Ken Horsfield as manufacturing director designate. He will succeed Mr M. D. Hoggett who retires in July. Mr Horsfield is currently works director, Dorman Smith Traffic Products.

★

Mr Robert J. Montague will remain executive chairman of TIPHOOK HOLDINGS and all its subsidiaries, including Tiphook Container Leasing Company and Central Trailer Rental Company. Mr Eric Godwin has been appointed managing director of the holding company and becomes deputy chairman of the subsidiaries. Both Mr H. A. Fane and Mr C. A. Palmer have been appointed to the holding company board and Mr Palmer becomes managing director of Tiphook Container Leasing Company. Mr David Robinson is to be financial director of the subsidiary companies.

★

Mr D. K. Thompson has been appointed commercial director of Benham and Co, and Mr T. J. Ross becomes managing director of Weber Marking Systems. Both are McCORQUODALE companies.

★

Mr R. I. Sloan has retired as deputy chairman of THE BRITISH AVIATION INSURANCE COMPANY. Mr F. R. D. Holland has been elected deputy chairman. Mr Sloan will remain on the board.

★

Sir John Thomson, chairman, and Mr J. I. Whitehead, have retired as directors of MORLAND AND CO. Sir Humphrey P. T. Prideaux, who was the vice-chairman, was elected chairman.

★

CONDER EXPORT BUILDINGS, Burton-on-Trent, new managing director will be Mr John Davies, who will combine this post with his current duties as managing director, Conder Midlands.

★

VIRAX (UK), part of the Facom Tools Group, has appointed a new board, following the retirement of Mr A. Ternoir who was director of Virax (UK), and director of international affairs for the parent company. Mr Garth Fletcher has been appointed managing director. He was general manager. The French parent company has appointed Mr Boris Emine (financial) and Mr Alain Bouchaud directors of Virax.

★

Mr M. V. Manzoni, managing director of R. M. Douglas Construction, has been appointed chairman of a new company, LAKELAND TIMESHARE, which has been formed as a result of the link up between Douglas and the Kenning Motor Group to build and market Lakeland Village, a £15m timeshare development in the Lake District, two miles from Lake Windermere. Mr H. Oxspring, chairman of the Kenning Group, is joint managing director with Mr Ray Milnes of Douglas. Other directors are Mr J. M. Foster, Mr David Forbes and Mr Bryan Wells, representing Kenning, and Mr John Shaw and Mr Peter Carder representing Robert M. Douglas Holdings. Secretary is Mr Samuel Pedlar of the Douglas Group.

★

Mr Chris Bayliss has been appointed sales director of BURGESS PRODUCTS COMPANY, Hinckley. He was general sales manager.

★

Mr Michael Oxley has been appointed chief executive of BLICK INTERNATIONAL SYSTEMS, Swindon, succeeding Mr A. C. Elliot, who is chairman of Blick International Systems and also chairman and chief executive of the holding company, Blick International. Mr Oxley joined Blick International Systems as a sales representative in 1961, and in 1977 became managing director.

★

Mr N. L. Mallet has resigned from the board of the DORIC REINSURANCE COMPANY to have more freedom to concentrate on other insurance activities.

★

Mr John Antil and Mr Christopher Stanley have been appointed to the board of the North American non-marine division of JARDINE GLANVILL.

★

At W. CANNING Mr B. Tremans will retire as non-executive chairman on July 1 and be succeeded by Mr Fred Essex, currently deputy group managing director and chairman and managing director of a subsidiary company W. Canning Materials. Mr Essex will be retiring from executive duties at W. Canning at the end of 1983. Dr Brian Ridgewell will be joining W. Canning Materials and be appointed managing director in July. He has held senior appointments with The International Synthetic Rubber Company, Brent Chemicals International and Enoxy Chemical.

★

Mr I. D. Cooper has been appointed a manager of BARING BROTHERS AND CO.

★

Mr P. R. Bellfield, Mr B. M. Olliff, Mr T. V. Partridge, Mr E. Sellers and Mr J. D. Thunhurst will become shareholding directors of LAING AND CRUICKSHANK, stockbrokers, from May 7.

★

Dr Ivan Dunstan has been appointed standards director of the BRITISH STANDARDS INSTITUTION. He is at present director of the Building Research Establishment at Garston, Watford. In his new post Dr Dunstan will be responsible for the technical aspects of BSI's national and international standards programme which covers some 8,500 standards projects ranging from computers to chemicals.

★

Mr Robert E. Elborne has been appointed a director of the LEICESTER BUILDING SOCIETY. He is a solicitor and is a consultant to Elborne Mitchell and Co which he founded in 1968. He is a member of the Council of Lloyds and a director of Lloyds Life Registration, Lutine Nominees and Insurance and Lloyds Building.

★

Mr P. A. Lovegrove, managing director of Chesham Amalgamations and Investments, has been appointed a non-executive director of HIGHGATE OPTICAL AND INDUSTRIAL.

★

Mr A. Tod Slaughter has been appointed director of manufacturing by ADMEL. He has been with the company 41 years.

★

Mr Gary J. Clark has been named vice-president, UK, for the ELI LILLY INTERNATIONAL CORPORATION. He remains managing director of Lilly Industries covering the UK activities of Eli Lilly and Co, Dista Products, and Elanco Products.

★

Mr Gordon M. Ferguson has been appointed managing director of BRUNTONS (MUSSELBURGH) from August. He was vice-president of Bridon's subsidiary in the U.S., Bridon American Corp, Wilkes-Barr, Pennsylvania.

★

THE CENTRAL ELECTRICITY GENERATING BOARD has appointed Mr Peter Vey as director of information and public affairs from June 1. He is director of information services at the Atomic Energy Authority.

★

Mr Colin Brown will be joining the board of WOOLWORTH HOLDINGS as an executive director in the middle of June. He is deputy managing director of Makro Cash and Carry.

★

Mr Charles Potts, Mr Peter Franklin, Mr Graham Stevens and Mr Raymond Williams will be joining the partnership of KEITH, BAGLEY, ROGERS & CO., stockbrokers, on May 9.

★

Mr Peter Andrews has been appointed managing director of GODIVA FIRE PUMPS, a member of the SPP Group. He joins from Mather & Platt where he was director, UK regional operations, fire engineering.

★

Mr Michael J. Beasley has been appointed to the board of MITCHELL COTTS. Mr Beasley is c'/ef executive of Howard Humphreys Group, which was acquired by Mitchell Cotts in December 1982.

★

Mr Peter Goldman has been elected president of the BUREAU EUROPEEN DES UNIONS DE CONSOMMATEURS (BEUC)—the consortium of consumer organisations in Common Market countries. The director of Consumers' Association, since 1964, Mr Goldman is the first British president of BEUC.

BASE LENDING RATES

A.B.N. Bank	10 %	Grindlays Bank	‡10 %
Al Baraka International	10 %	■ Hambros Bank	10 %
Allied Irish Bank	10 %	Heritable & Gen. Trust	10 %
Amro Bank	10 %	■ Hill Samuel	§10 %
Henry Ansbacher	10 %	C. Hoare & Co.	†10 %
Arbuthnot Latham	10 %	Hongkong & Shanghai	10 %
Armco Trust Ltd.	10 %	Kingsnorth Trust Ltd.	11 %
Associates Cap. Corp.	10 %	Knowsley & Co. Ltd.	10½%
Banco de Bilbao	10 %	Lloyds Bank	10 %
Bank Hapoalim BM	10 %	Mallinhall Limited	10 %
BCCI	10 %	Edward Manson & Co.	11½%
Bank of Ireland	10 %	Midland Bank	10 %
Bank Leumi (UK) plc	10 %	■ Morgan Grenfell	10 %
Bank of Cyprus	10 %	National Westminster	10 %
Bank of Scotland	10 %	Norwich Gen. Tst.	10 %
Banque Belge Ltd.	10 %	P. S. Refson & Co.	10 %
Banque du Rhone	11 %	Roxburghe Guarantee	10½%
Barclays Bank	10 %	Royal Trust Co. Canada	10 %
Beneficial Trust Ltd.	11 %	Slavenburg's Bank	10 %
Bremar Holdings Ltd.	11 %	Standard Chartered	‖10 %
Brit. Bank of Mid. East	10 %	Trade Dev. Bank	10 %
■ Brown Shipley	10½%	Trustee Savings Bank	10 %
Canada Perm't Trust	11 %	TCB	10 %
Castle Court Trust Ltd.	10½%	United Bank of Kuwait	10 %
Cayzer Ltd.	10 %	Volkskas Intl. Ltd.	10 %
Cedar Holdings	10 %	Westpac Banking Corp.	10 %
■ Charterhouse Japhet	10 %	Whiteaway Laidlaw	10½%
Choulartons	11 %	Williams & Glyn's	10 %
Citibank Savings	¶10 %	Wintrust Secs. Ltd.	10 %
Clydesdale Bank	10 %	Yorkshire Bank	10 %
C. E. Coates	10½%		
Comm. Bk. of N. East	10 %		
Consolidated Credits	10 %		
Co-operative Bank	*10 %		
The Cyprus Popular Bk.	10 %		
Duncan Lawrie	10 %		
E. T. Trust	10½%		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	12½%		
First Nat. Secs. Ltd.	12 %		
Robert Fraser	10½%		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.75%, 1-month 7.00%. Short-term £8,000/12-months 9.35%.
† 7-day deposits on sums of: under £10,000 6¾%. £10,000 up to £50,000 7¼%. £50,000 and over 8¼%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £7,000 7¼%.
§ Demand deposits 6¾%
¶ Mortgage base rate.

UK COMPANY NEWS

Recovery at Garnar Booth in second half

A sharp recovery in the second six months enabled tanner and leather manufacturer Garnar Booth to return pre-tax profits of £1.12m for the full year to January 31, 1982, compared with £811,000 previously.

The group fell by £380,000 in the opening half but with some "encouraging signs" the directors hoped the second half would show a reasonable improvement.

Full year turnover rose from £45.28m to £59.36m and at the trading level profits came through at £3.7m, against £2.72m. These were subject to charges totalling £2.59m (£1.91m) for depreciation, interest and directors' emoluments.

The dividend is being increased to 6.65p (6.4p) net by an enlarged final of 4.25p. Basic earnings per 25p share totalled 15.94p (8.91p) and fully diluted 15.69p (8.55p).

Available profits emerged at £796,000 (£923,000) after taking in a tax credit of £7,000 (£207,000 debit) and deducting £327,000 (adding £319,000) for extraordinary items.

Fleming Far East. payout beats forecast

A higher than expected final of 2p net has been declared by Fleming Far Eastern Investment Trust for the year to the end of March 1983. Although the payment is down on last year's final of 3.2p, it compares with a forecast in April 1982 of 0.7p. The total for the year is cut from 4.7p to 3.5p.

The increase is because of higher than expected franked income during the transition, say the directors, and also to favourable exchange rate. In April 1982 they said that a change of investment policy would lead to a reduction in earnings and dividends.

The dividend for the current year is forecast by the directors to be a total of not less than 1.5p per share.

Profits before tax for the year under review amounted to £3.45m compared with £4.02m. Tax amounted to £1.36m (£1.37m) after which earnings per share were shown as slipping from 5.04p to 3.93p.

Net asset value per share was shown as improving however from 151.7p to 220.7p.

Gross income fell from £4.04m to £3.38m. Other unfranked income came to £420,000 (£229,000) and management expenses rose from £208,000 to £250,000. Interest charges increased to £94,000 (£38,000).

Electra Inv. moves ahead to £5.18m

An increase of 10.66 per cent in attributable profits from £4.68m to £5.18m has been shown by Electra Investment Trust for the year to the end of March 1983. Gross revenue improved from £10.66m to £12.83m.

An increased final net dividend of 1.76p (1.6p) has been recommended, which raises the total from 3p to 3.3p. Earnings per 25p share are given as rising from 3.159p to 3.483p.

Net asset value increased by 40.5 per cent from 72.96p for the comparable period to 102.51p. At the six months stage the figure was 78.08p.

Dividends absorbed £4.91m compared with £4.46m.

The company is 26.38 per cent held by Globe Investment Trust, and is a member of the Electra House Group of companies.

Baltic Leasing offer for W. Coast Texas

A new suitor has emerged for West Coast and Texas Regional Investment Trust following last month's £4.23m bid from the English Association.

Baltic Leasing Group, a specialist leasing group which is traded on the Unlisted Securities Market, announced yesterday that in intends to make a bid which values West Coast's share capital at £5.3m, subject to the approval of Baltic's shareholders at an Extraordinary General Meeting to be held on May 20.

Baltic owns 145,000 shares in West Coast, 4.8 per cent of the equity. The English Association has undertaken to accept Baltic's offer in respect of the 31.5 per cent stake it owns.

Recently, eWst Coast escaped a unitisation proposal from Arbuthnot Securities.

Baltic's bid involves the offer of 72 of its ordinary shares of 5p each for every 100 shares of 10p each in West Coast it does not already own. As a cash alternative, it is offering £160 for every 100 shares of 10p each in West Coast. Both options also include an additional consideration, which will be worked out on a formula based on the relationship of Baltic's share price to West Coast's net asset value per share on the offer's first closing date, or on the date when the offer becomes unconditional.

Baltic, which has arranged and managed leases since 1977, came to the USM last December, at which time 1,875,000 shares were placed at a price of 108p per share. At that time, the company forecast a pre-tax profit of £1.3m for the year to July 1983. At its interim stage, Baltic made £887,000 before tax. Mr Michael Goddard, the chairman, has stated "Subject to unforeseen circumstances, we expect the full year's trading profit to exceed that originally forecast."

West Coast, which is managed by Williams and Glyn's Bank, earned taxable revenue of £100,000 in the year to last February, compared with £89,000 in the previous year. Its principal assets consist of listed investments on the North American stock exchanges.

Full acceptance of the offer will involve the issue of about 2,055,400 new ordinary shares in Baltic, representing 18 per cent of the enlarged capital and any further shares needed to satisfy the additional considerations.

The Takeover Panel has agreed that the English Association will not have to proceed with its compulsory offer for the rest of West Coast once West Coast shareholders have been informed of the Baltic offer. West Coast's share price rose 8p to 156p following the announcement, while Baltic's slipped 10p to 240p.

Davstone boosts Regalian holding to over 61%

Davstone, a company beneficially owned by Mr David Goldstone, chairman of Regalian Properties, has acquired from First National Industrial Trust, its holding of 1,357,851 Regalian shares—30.51 per cent of the share capital—at 47p per share cash.

Including the shares already owned by Mr Goldstone and his immediate family the acquisition takes the combined holding to 61.59 per cent of Regalian and creates an obligation to extend an offer on the same terms, to the remaining shareholders of Regalian.

Accordingly, Barclays Merchant Bank, on behalf of Davstone, will be making an appropriate offer, the document of which will be posted to Regalian shareholders shortly.

The offer document will include an estimate of pre-tax profits for the March 31 1983 year, and a letter from Mr Robert Peardeaux, director of Regalian, who has been advised by Smith Keen Cutler, the company's stockbroker and financial adviser. Both Mr Perdeaux and Smith Keen Cutler strongly recommend shareholders to reject the offer by taking no action.

Davstone says it intends to maintain the listing of Regalian's shares, subject to Stock Exchange consent.

Mr Goldstone, First National—a subsidiary of First National Finance Corporation—and Regalian have had a relationship since the early 1970s when Regalian agreed to acquire from First National on deferred terms a substantial property portfolio. Despite the best efforts of all parties involved, the weakness of the property market and the obligations imposed on Regalian by this acquisition inhibited Regalian's growth during the 1970s, it is stated.

The agreement with First National was terminated in 1982, leaving First National with a shareholding and board representation in Regalian, but with no other involvement in the company.

COMMON BROTHERS

Common Brothers has bought for a nominal consideration a 50 per cent holding in Common Gas Inc., which has agreed to purchase two LPG carriers (David Gas and Simon Gas) for some $13.65m en bloc to be financed by bank loans. Both vessels have been chartered out to a substantial U.S. charterer for a minimum three and a half years at profitable rates.

The calculated profit of CGI will be $1.5m average per annum for the duration of the time-charter. After 3½ years charter period the bank debt will have been reduced to some 20 per cent of the original purchase consideration.

BOC S.A. DEAL

African Oxygen, the South African subsidiary of BOC International, has offered R20m in cash for an 85 per cent holding in three private hospitals and three flatblocks in Johannesburg. The properties are held by Amalgamated Medical Services, a company quoted on the Johannesburg stock exchange.

TIMES VENEER

The Times Veneer has acquired the outstanding 51 per cent of the capital of Swandrake at a cost of £1. This move should enable Swandrake to trade profitably by a reduction of management and staff costs.

Net loss shown by management accounts of Swandrake for the 12 months to March 31 1983, which covers the period since Times Veneer acquired its holding in the company, is approx £60,000—thereby attributing a loss to the assets to be acquired of approx £30,000.

As part of the transaction, Times Veneer converted a debt owed to it by Swandrake of £40,000 into capital when the vendor subscribed £22,500 for shares immediately prior to the sale of the vendors entire shareholding in Swandrake to Times Veneer.

Taking into account the conversion of the Times Veneer debt into capital the net current liabilities of Swandrake presently total approximately £16,000. At March 31 1983, net assets of Swandrake amounted to £3,000.

BIDS AND DEALS

Exco tightens links with B & C Shipping

Exco International, the fast-growing money broking operation, has agreed to acquire a 50.1 per cent stake in Gartmore Investment Management from The British and Commonwealth Shipping Company. At the same time Exco is acquiring a 42.5 per cent interest in a newly-formed venture capital subsidiary of Cayzer Gartmore (itself part of B & C) to be managed by Gartmore.

The deals bring Exco and B & C closer together. The total consideration will be 1.6m Exco shares taking B & C's stake in the money broking company to 18.3 per cent.

The remaining 49.9 per cent of Gartmore will continue to be held by Cayzer Gartmore.

Both B & C and Exco believe that "important advantages" will accrue to both companies—in Exco's case diversification into fund management will broaden its base of activities in financial services while B & C sees the deal as an opportunity to develop its interests in this area.

The international fund management activities of Gartmore will be expanded, particularly in the Far East and in the U.S.

Mr Georey Adkin, a director of B & C, is to join the board of Exco as a non-executive director and Mr Campbell Allan, a non-executive director of Exco since 1979, will become an executive director of Exco and chairman of Gartmore.

Mr Adrian Collins, formerly managing director of the company's unit trust operation, will become managing director of Gartmore, and Mr John Gunn, managing director of Exco, will join the boards of Gartmore and of Cayzer Gartmore.

Lord Cayzer will be chairman of the venture capital company which will have £6m of cash or other investments at an agreed valuation.

fer of investments the estimated

After adjusting for the trans-consolidated profit before tax and extraordinary items of Gartmore was £1.8m for 1982. Net tangible assets were £4.4m at that date.

MINET HOLDINGS

Minet Holdings, the insurance broker, has formed a new company, Minet Insurance Brokers.

This will combine with UK non-marine division of J. H. Minet and Co with Minet International which is the management company for all Minet subsidiary and associated companies worldwide. The UK non-marine division of J. H. Minet and Co encompasses Minet Consultancy Services and Minet Airport Insurance Services.

J. SAVILLE GORDON

J. Saville Gordon Group has exchanged contracts for the purchase from Richard Costain Properties of the leasehold interest in 22 shops, with residential accommodation, forming the shopping precinct known as Abbey End, Kenilworth, Warwickshire. Consideration will be £557,500 in cash, 10 per cent having been paid. Net annual income is £51,218.

H AND C/LUNUVA

Terms have now been agreed for the acquisition by Harrison and Crosfield of the outstanding stock units in Lunuva (Ceylon) Tea.

The consideration will be an amount in cash equal to the net asset value per stock unit as at the date on which the High Court sanctions the scheme and in accordance with a set formula. (It is estimated that the nav on April 29, 1983 would have been approximately 475p).

SUI EXTENDS OFFER

Scottish United Investors' offer for the Edinburgh Investment Trust has been extended. Acceptances have been received as follows: 131.61m SUI ordinary (79.2 per cent) and 1.28m SUI preference (66.6 per cent).

Bass sells three hotels in £7m deal

By Charles Batchelor

Bass, brewing and hotels group, has sold three hotels in London, Birmingham and Leicester to the privately owned Gomba Group in a deal worth about £7m.

This sale completes the rationalisation of Bass's hotel interests followng the acqusition of Coral Leisure Group in December 1980.

Gomba, the trading, industrial and hotels group owned by Mr Abdul Shamji, a wealthy Ugandan Asian businessman, plans to spend about £3m on refurbishing the hotels involved.

They are the 320-room Wembley Crest Hotel in West London, the 200-room Crest Hotel, Birmingham and the 220-room Centre Hotel, Leicester. Gomba plans to rename the hotels as part of its International chain.

Bass has disposed of a number of hotels following its purchase of Coral Leisure, including the St James's, the West Centre, the Kenilworth and the Bedford Corner.

ANGLO AFRICAN

Negotiations are in progress which may lead to an offer for the ordinary shares of Anglo African Finance at a level in excess of the current market price. A condition of such an offer, if it were to materialise, would be that a bid of 14p per ordinary would be procured for Dewhurst Dent, an associate of AA. No offer is contemplated for any other of the listed associates of AA either in the UK or South Africa—namely, Aurochs Inv Co (SA), Autolec, Cap-Auto Invs, General Tire and Rubber Co (SA), E. W. Tarry, Williams Hunt South Africa.

A further announcement will be made as soon as possible.

THE PROPERTY MARKET BY MICHAEL CASSELL

Slough to lose Rank Xerox

RANK XEROX is moving out of Slough, leaving nearly 190,000 sq ft of vacant office and warehousing space behind it.

The decision follows the recent announcement that the group is to develop a new international operations centre at Globe Park in Marlow, Buckinghamshire.

The removal of such a major space occupier will provide a tough test for the local market, a popular office location on the edge of London but one which has nevertheless suffered from the recession.

It also emerged this week that Ranks Hovis McDougall is trying to find a tenant for Westpoint, its 55,000 sq ft office building in The Grove. RHM pays £668,000 a year but a rent review is due soon. Elsewhere in Slough, several new schemes are also available for tenants.

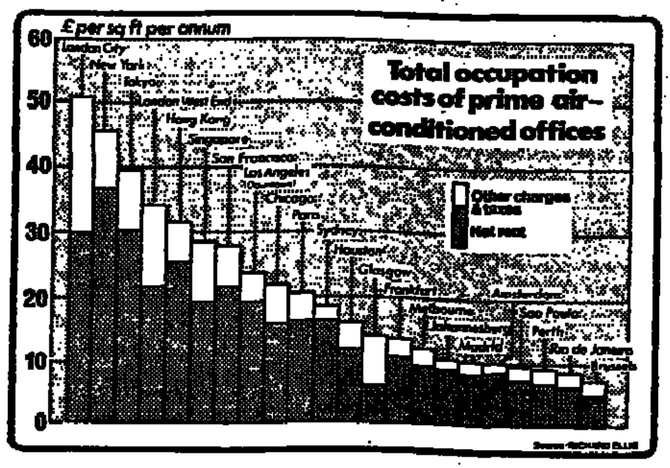
The international arm of Rank Xerox has asked Goddard & Smith to secure a new tenant for Key West, the 70,000 sq ft office building on Windsor Road—formerly Calor House—which it only acquired at the end of 1982. The landlord, as in the case of Westpoint, is London and Provincial Shop, which has a much wider interest in the health of Slough.

Rank intended to move into Key West and vacate neighbouring Observatory House, the 52,000 sq ft block where MEPC is the landlord. Now Observatory House is to go as well, at an asking rent of £12 a sq ft, the figure agreed on a recent review. Goddard & Smith are seeking £10 a sq ft for Key West.

At the same time, Rank Xerox's UK operating company is seeking a tenant for its distribution centre on Bath Road, which comprises 47,000 sq ft of warehousing space and 17,000 sq ft of offices. The decision follows a reorganisation of distribution services.

Lionel Prodgers of Goddard & Smith says the two office properties offer good, modern accommodation at rentals which compare well with some other space on offer locally. He was, no doubt, thinking of London and Provincial Shop's own office scheme nestled between Key West and Observatory House, just being completed and on the market at about £18 a sq ft. London and Provincial is also finishing work on phase one of Edinburgh House, which will add another 24,000 sq ft to the local stock of office space.

As for Rank Xerox, the departure from Slough forms part of the hard-pressed group's recent all-round contraction. It still has, however, about 130,000 sq ft of office space in the Euston Centre, 50,000 sq ft in New Oxford Street and 84,000 sq ft at Aylesbury.



City stays on top

THE PROVERBIAL waste paper basket still costs more to accommodate in the City of London than in any of the world's other principal office locations.

That, at least, is the conclusion drawn by agents Richard Ellis in their latest survey of world office rentals and occupation costs.

Ellis says that a square foot of prime office space in the City costs around £30 in rent, onto which the occupier can add a 15 per cent service charge and 55 per cent in rates. The resulting total occupation cost of £51 a sq ft compares with just under £46 a sq ft in New York (where top rents are running at nearly £37 a sq ft) and a little over £39 a sq ft in Tokyo. London's West End comes in fourth with total occupation costs of £43.65 a sq ft.

The most significant conclusion to be drawn from the latest survey is just how little rentals have risen since the last exercise was conducted at the end of 1982. Neither London nor New York have registered any rental growth and it has been left to Tokyo to show some modest increase in prevailing rent levels.

Hong Kong, which comes in fifth in the international league table, has recorded a HK$3 a sq ft fall in rents to HK$23 a sq ft. Singapore rents have also edged slightly lower.

Bottom of the table is still occupied by Brussels, where an EEC waste paper basket will cost a total of £7.20 to accommodate. Developers there might be better off making waste paper baskets.

Queuing up for 'lock-ups'

THE DISNEYLAND band stores its uniforms in them, baseball teams load their kit into them and the average American family—with four tons of household belongings—hoards anything and everything in them.

They are mini-warehouses, the organisation which operates them in over 300 locations across the United States is Public Storage Incorporated and, next month, a number of British pension funds will be queuing up to invest in them.

The thought of investors putting their money into lock-up store rooms where tenants can take 25 sq ft of space upwards from $11 a month and leave without giving notice might be more than some fund managers can bear; but if it is good enough for the likes of Atlantic Richfield, Westinghouse and Merrill Lynch, there must be more to it.

There certainly is, according to B. Wayne Hughes, co-founder and president of PSI who this week took tea (Ceylon) at the Savoy to spell out the Public Storage success story.

Hughes and his colleagues began building warehouses about ten years ago and in 1972 they realised the potential for retaining prime parcels of undeveloped land for long-term appreciation while generating cash yields during the holding period.

According to Hughes, the nationwide chain of orange-painted lock-ups has become nothing less than a "cash machine." PSI finds the land, often on the edge of a freeway, obtains the relevant permits, gets an investor to take it on and takes a minimum 8 per cent and maximum 25 per cent share in the income.

"We achieve the same rent per square foot as on an apartment building and yet they cost less than half as much to develop. The warehouses are up in four months and they break even at 30 per cent occupancy. Our average is 95 per cent.

"There is a limited entrepreneurial development risk but the yields can be spectacular. First-year returns average 5 per cent, rising to 10 per cent in year two. No storage centre over six years old is showing anything less than a 20 per cent cash yield, never mind the capital growth."

About 40 per cent of the company's total storage space goes to corporate customers, with the rest taken by individuals. Hughes says the bad debt ratio is tiny "because we've got their stuff."

So far, PSI has raised nearly $500m from American investors and last year it launched in the UK its Public Storage U.S. Property Trust, to which 23 British funds—including BP Pension Trust and Allied-Lyons—subscribed. The Trust started with $11m and is administered by Henderson Pension Fund Management. Debenham Tewson and Chinnocks select investments from the PSI portfolio.

The next dealing day will be in June and a unit price will shortly be fixed. A year ago they started at £1,000 (minimum investment 100 units) and this March stood at £1,154.

Hughes says a report has been called for on prospects for extending the operation to the UK. Stand by with the jumble.

New Cavendish gets sale approval

MORE THAN four months after agreeing its most significant property sale to date, and three months after completing it, New Cavendish Estates this week finally got round to gaining the necessary shareholder approval.

The £2.6m sale of 12, Princes Street on the corner of London's Hanover Square to the Italian-owned GD Services leaves New Cavendish with pro-forma net tangible assets of £2¾m. Stock Exchange listing requirements specify shareholder approval for a "substantial" share of a company's assets.

There was a certain inevitability in the result of the shareholders' meeting. John Everitt, ex-Hammerson, and chairman and managing director of New Cavendish, has a 26½ per cent equity stake in the company while its former parent—Gresham House, with Everitt and his two co-directors on the Board—holds another 38.35 per cent.

The rationale for the sale was straightforward enough. Everitt, who specialises in restoring old buildings, bought the leasehold of the 10,500 sq ft Princes Street building in December 1980. He added the freehold for another £380,000 nine months later and spent £700,000 (before interest costs) on refurbishing it by last September.

At the time of the deal the building was earning no income. GD Services came along as a potential occupier just when Everitt could see the letting market getting worse. "We didn't particularly want to sell it," he says, "but the price was close to what a pension fund would have paid for a fully let investment."

The deal produced a realised surplus of £400,000 before capital gains tax, and reduced the company's short and medium term borrowings by 82 and 31 per cent respectively into the bargain.

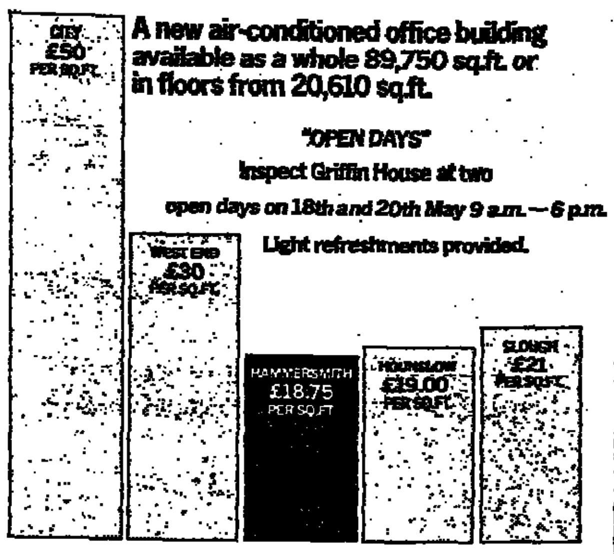
Everitt reckons he is now set up for the next stage of the property market cycle. "There is an enormous weight of property coming on to the market," he says, "lots of unlet buildings and very juicy opportunities."

WILLIAN COCHRANE

The Western Corridor starts at Hammersmith — why go further than Griffin House?

A new air-conditioned office building available as a whole 89,750 sq.ft. or in floors from 20,610 sq.ft.

"OPEN DAYS"
Inspect Griffin House at two open days on 18th and 20th May 9 a.m.—6 p.m.
Light refreshments provided.



Jones Lang Wootton 01-493 6040
Strutt & Parker 01-629 7282

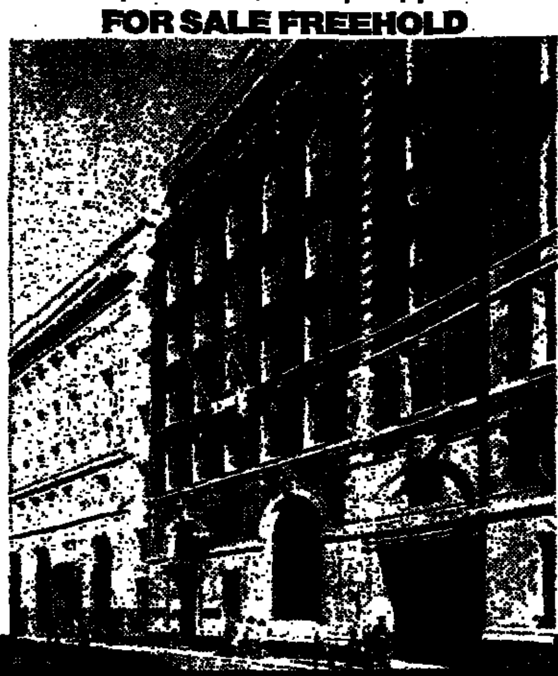
Estimated comparative costs per sq.ft. including rent, rates and services

Richard Ellis World Wide Offices

On instructions of Barclays Bank plc.

68 LOMBARD STREET
LONDON EC3

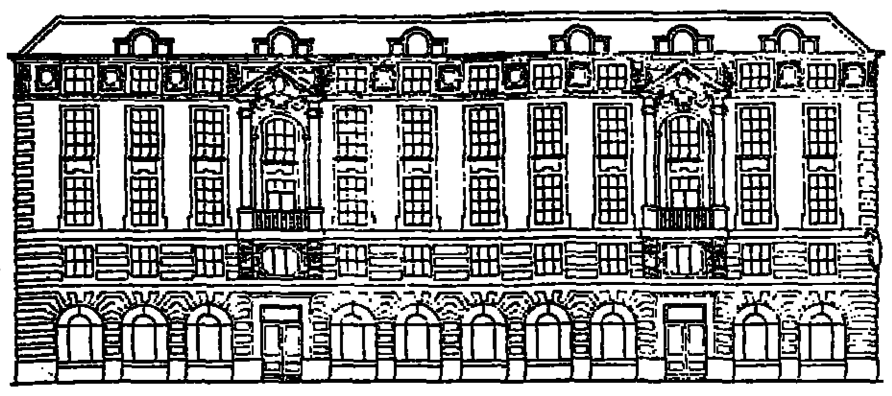
Banking Building with benefit of planning consent for a refurbishment to provide 40,000 sq.ft. approx.
FOR SALE FREEHOLD



Richard Ellis, Chartered Surveyors
Telephone: 01-283 3090

Closing date for Tender 27th May

1-4 Royal Exchange Buildings
LONDON EC3



On the instructions of FIRST CHICAGO The First National Bank of Chicago *For Sale by Formal Tender.*

Prime banking building in the City of London
For sale with vacant possession

Jones Lang Wootton
Chartered Surveyors
Kent House, Telegraph Street Moorgate, London EC2R 7JL 01-638 6040

Moving offices is no board game...

Particularly when it involves choosing between an office in central London and one in an out-of-town location.

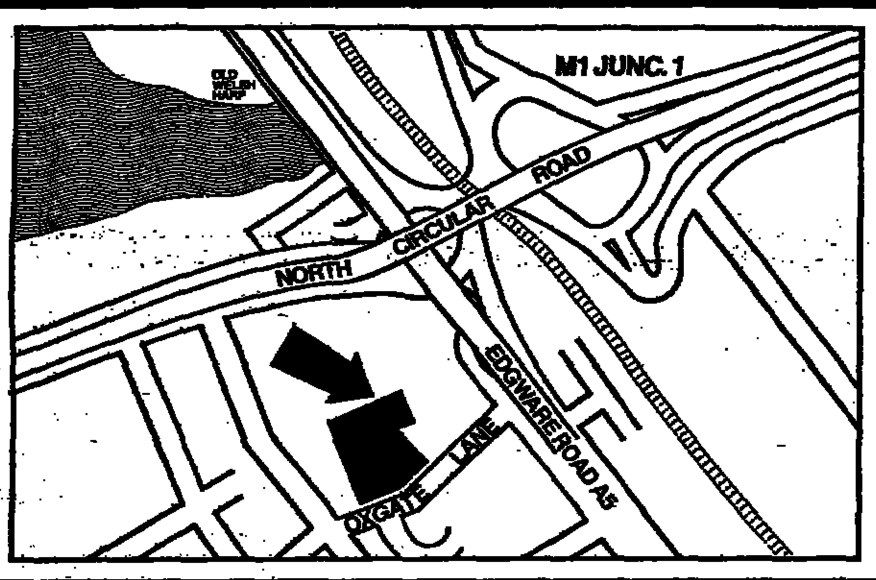
That is why, if you are on the board, you should consider a move to Greater London House, Hampstead Road, N.W.1.

51,000 sq.ft. of prestigious office accommodation with thirty car-parking spaces and many other facilities—all for £8 a sq.ft.

Greater London House—all the advantages of central London, at an out-of-town price!

Interested? Contact Leavers

Industrial Site for Tender
at Staples Corner and M1 motorway



Oxgate Lane London N.W.2 **Site area 5·8 acres**

- Prime Freehold Industrial Site
- Currently producing a short term income in excess of £230,000 per annum.
- Existing floor area 166,320 sq. ft.
- Tender date, 12.00 noon, Friday, 24th June 1983

HIRSHFIELDS Chartered Surveyors 42 Welbeck Street, London W1M 7HF 01-486 4601
Jones Lang Wootton Chartered Surveyors 103 Mount Street London W1Y 6AS 01-493 6040

On the instructions of Midland Bank Pension Trust Ltd.

RIGHT NEXT DOOR TO CHARING X STATION

GRIFFIN HOUSE STRAND LONDON WC2

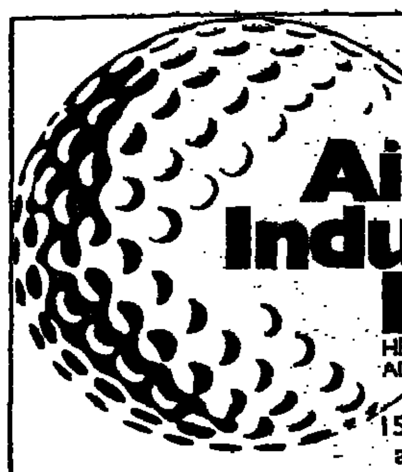
NEW OFFICE DEVELOPMENT TO LET • 64,825 SQ. FT.

- Full Air Conditioning • Car Parking
- Computerisd Telephone System • Carpeting
- Roof Garden with river view
- Standby Generator

Jones Lang Wootton
Chartered Surveyors
103 Mount Street, London W1Y 6AS 01-493 6040

Wimbledon HQ complex
FOR SALE on 3·84 acre site
Modern air-conditioned Office Building
33,660 sq ft with
Warehousing/Light Industrial Buildings
27,200 sq ft

Weatherall Green & Smith 01-405 6944
01-242 9050



Airlinks Industrial Estate
HEATHROW—HOUNSLOW ADJACENT M4 JUNCTION 3

150,000 sq.ft. Industrial and Warehouse Space
Units of 2,850 sq.ft., 3,573 sq.ft. and 4,560 sq.ft. set in 120 acre new 18 hole golf course

CONRAD RITBLAT & CO
St Quintin Chartered Surveyors

A Development by Kyle Stewart Properties Limited.

ROMFORD
St James's House
47,000 sq. ft.
HIGH QUALITY OFFICES TO LET
available December 1983

- Two connecting blocks, each with ground and three upper floors
- Full carpeting and central heating
- Imposing reception area
- Toilets on each floor
- Suspended ceilings, bronzed anodised windows
- 2 passenger lifts
- Landscaped gardens
- 24 space car park

Joint sole agents:
Bernard Thorpe
A project by Neale House Investments

GATWICK GREEN
INTERNATIONAL BUSINESS PARK, HORLEY, SURREY

A campus-style business park within attractive natural surroundings. This planned development adjacent to Gatwick Airport and the M23 will offer warehousing, industry and office space on a 90-acre site, subject to planning. For details of serviced sites or occupier design buildings call now.

MATTHEWS GOODMAN & Postlethwaite 01-248 3200
Bernard Thorpe 01-499 6353

NW10
SUPERB WAREHOUSE/ LIGHT INDUSTRIAL UNIT TO LET
46,600 sq.ft.
INCLUDING 8,600 sq.ft. OF OFFICES FINISHED TO A VERY HIGH STANDARD WITH EXCEPTIONAL CAR PARKING

Herring Son & Daw
26/28 Sackville Street, LONDON W1X 2AQ Tel: 01-734 8155 Telex: 265162

Only two Units remaining
Aldershot, Hampshire
FACTORY/WAREHOUSE
9,611/19,222 sq. ft.
Incentives offered
HENRY BUTCHER & CO. 01-405 8411
WELLER EGGAR 0252 716221/3

HARTLEPOOL
Freehold
INDUSTRIAL PREMISES
43,400 sq. ft.
Large Yard · Heating · Parking
EDWARD SYMMONS & PARTNERS
56/62 Wilton Road, London SW1V 1DH

FISHER & CO.
CHARTERED SURVEYORS
AGRICULTURAL INVESTMENT
SALE AND LEASEBACK
CAMBRIDGESHIRE
305 ACRES
GRADE I
40 HIGH STREET, MARKET HARBOROUGH, LEICESTERSHIRE

Prestige Self-Contained
OFFICE BUILDING
FOR SALE OR LET. 1,000 SQ. FT.
HOPTON STREET, SE1
For further details telephone:
01-236 4606 or 0703 37255

TECHNOLOGY

EDITED BY ALAN CANE

TABLE-TOP UNIT AT £1,200 READY FOR WORLD LAUNCH

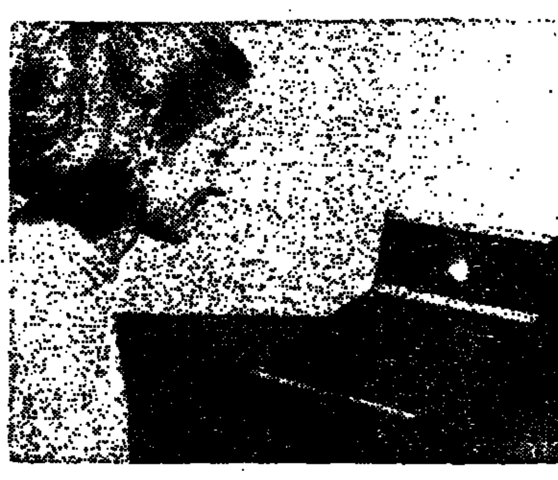
Speckles to spectacles eyesight tester

BY GEOFFREY CHARLISH

BY LOOKING into a £1,200 *table-top* unit and observing the motion of some speckled patterns on a three-inch circular screen, it is possible for most people to detect defects in their eyesight (corrected or otherwise) to within plus or minus 0.25 dioptres, which is well *within* the *limit* of spectacle prescriptions.

That, at any rate, is the claim of the machine's two inventors, Dr P. D. Cook and Dr A. K. Maroof. Cook is a medical physicist formerly with the Medical Research Council and Middlesex Hospital. His company, Scientifica-Cook of Acton, London, manufactures the equipment and plans shortly to *launch it* throughout the world.

The machine, called LaserSpec, has appeared not long after the controversy once again arose, with discussion in Parliament, about the advisability of people being allowed to conduct their own eye tests and buy spectacles off the shelf in a department store, say, or a chemist. The debate followed a report from the Office of Fair Trading last January in which it was suggested that some people might be willing to do without a test altogether and buy spectacles over the counter at £5 to £6 a pair.



Speckled patterns on a circular screen.

Cook, however, is at pains to point out that there is no question at the moment *of the* machine being used in the UK to replace a professional eye test. He admits that, when the LaserSpec was first introduced to opticians' representatives in this country, they "were somewhat cautious."

Now, he says, many of them see that, with a machine in the window people will be initially intrigued and then encouraged to try the test. "Many of them" believes Cook, "will discover that their eyes are not as good as they imagined and will then go inside and have a full scale *test* and examination."

So far as the optician is concerned, increased business seems bound to result.

Scientifica-*Cook* will be launching the equipment in many other parts of the world where regulations have either been relaxed or have never existed. A healthy export market is predicted.

Red light

Cook says that although the machine uses a laser, it is of extremely low power and "is absolutely safe." *It conforms to the classification standards of* the British Standards Institute and the U.S. Bureau of Radiological Health.

The gas laser emits red light and was developed some years ago as the light source in a gun alignment system for the Tor*nado aircraft under a Ministry* of Defence contract.

In LaserSpec the laser light is projected through a screen which consists of a large number of randomly oriented tiny diffraction gratings, laid down by a *proprietary process.* At small angles from the normal of the screen, adjacent light rays from gratings arrive at certain positions in the space between *eye and screen out of phase or* in phase, giving dark and light areas respectively—the so called speckle effect.

These speckles occur at every point between the LaserSpec screen and the viewer's eye and because the pattern has no definite plane of position, the eye apparently *makes no attempt to* focus and automatically relaxes *—the ideal condition, says the* company, for an eye test.

*By moving the screen con*tinuously (the company does not want to say how) the speckled pattern appears to move, but only to those with defective vision says the company. The movement occurs because any two adjacent rays will be moving with respect to each other. The rays cross over in front of the eye's retina in the case of short sight (myopia) and behind it for long sight (hypermetropia), reversing the direction.

If the eye under test is *myopic the pattern* moves downwards, while for long sight the motion is upwards. For the normal eye neither occurs and the speckles stay still.

The system will also test for astigmatism—a sideways distortion of the eye lens, and in that case the pattern develops a sideways motion. Thus for an eye that is both long sighted and astigmatic for example, an upwards diagonal motion occurs.

Quantitive

An interesting point is that the degree of eye defect is directly related to the velocity of the speckled pattern. A slow movement indicates only a slight defect, a fast one a more serious deficiency. The whole *test procedure takes not longer* than 15 seconds for each eye claims the company.

Cook says that the equipment can be made quantitative and so could become the basis for issuing a prescription. A means already exists of cancelling the effect of the perceived motion by additional calibrated optics and mechanics. One would simply get a reading in dioptres for the required lens power.

To a large extent Cook sees the machine as an early warning system. It would for example, allow school opticians to pick up a problem much more easily and quickly, with more frequent testing at low cost. More on 01-992 0268.

SILICON CHIPS

Bristol company makes its mark

BY ELAINE WILLIAMS

A BRITISH company is making its mark *in the U.S.-dominated* market for silicon chip manufacturing equipment.

E.T. Eletrotech, with its headquarters in Bristol, started off 15 years ago in an old shed once owned by the National *Coal Board. The original pro*duct was a system for high vacuum experiments which allowed scientists to change the apparatus more easily. According *to Mr Ken Willmott, one* of the five co-founders, this product found few buyers—but it gave them the experience to build high vacuum systems for use *in production work.*

E.T. Electrotech now makes equipment used by the silicon chip makers. In 1976, it produced the first commercially available plasma etching system used during chip manufacture and followed this with a sophisticated microprocessor controlled version for greater automation. Plasma etching is used to remive the conductive and insulating films that are fundamental to electronic circuit making.

Much of electronic circuit making involves putting on or etching away *fine* layers *of* materials. So the company makes high vacuum systems for depositing materials, a magnetron sputtering machine which covers the silicon chip with a fine aluminium/alloy film and systems for laying down silicon nitride. This usually forms the "passivation" layer which seals the chip from dust particles when the processing cycle is complete.

Most of Europe, including Britain has been dismissed as a major source of suppliers for the very high technology business of building the machines which process silicon chips. *However there is a small band* of British companies which are having some success in this U.S.$1.6bn market.

This includes names such as Cambridge Instruments which has had considerable success in *electron beam systems for mask* making and laying down patterns on the silicon wafers, and SLEE Semiconductor Equipment which makes systems for packaging finish chips.

Overall 1982 was not a good *year for the semiconductor* equipment makers with sales growing at less than 5 per cent. This year, however, the electronics industry is more confident and this is reflected in E.T. Electrotech's own sales expectation.

Last year the company's turnover reached nearly £6m but this is expected to rise to around £10m this year. More than 65 per cent of its production is exported—chiefly to the U.S. and Japan. Japan alone accounts for 15 per cent of its total exports.

Recently it won a prestigious order from a newly-set-up chip making company for some of its *plasma machines.* The new company, based in the U.S. is to begin manufacture of components based on gallium arsenide. That E.T. was chosen *in preference to a U.S. com*pany underlines its acceptance in the market.

The ET Electrotech group employs about 240 people in *South Wales and south east* England in 11 factories. The company has a deliberate policy of keeping its manufacturing units small so that it maintains a *good relationship with its* workforce. Also the high technology nature of its products means that it does not require vast floor space.

The group is proud of the fact that very little of its manufacturing is contracted out to other companies. It tends only to buy sophisticated pieces of equipment—chiefly for measurement and analysis—where it does not have the technology itself. As the company pointed out, this does not make for the most rapid expansion possible in the short term but it does ensure that ET Electrotech is in control of quality which is important to impress its potential customers.

Electronics

Sizing up the target

THE MUZZLE velocity of an artillery piece can be measured in under *one* second to an accuracy of 0.1 *per cent* using a unit developed by Ferranti Computer Systems, Cheadle Heath, Stockport.

Not much bigger than two shoeboxes placed side by side, the unit weighs 12 kg and can be mounted either on the gun or on a separate tripod.

*Pointed along the trajec*tory, the device, called Pacer Mark 2, uses Doppler radar to measure the shell's velocity: signals emitted from the receding shell appear to reduce in frequency just as a locomotive's horn note does for someone on the platform after the train has passed.

Display

The reducing frequency is a precise measure of the velocity. After suitable correction for the position of the antenna, Pacer Mark 2 works out muzzle velocity, shows it *on a liquid crystal display* in the associated hand-held control unit and stores each new reading in an electronic store as shells are fired. An average *of 16 previous firings* can be obtained.

On-line operation with ballistic computers or printers can be provided. More on 061 428 0771.

Powder accelerator

Concreting underground in mines and tunnels needs speed. Fosroc International, part of the Foseco Minsep group of companies which specialise in industrial chemicals, has developed a powder accelerator for sprayed concrete which cuts setting times and provides earlier support strength.

The powder, called "Sprayset," has been tested to BS5075 and ASTM C403 standards for set time and BS4552 for compressive strength.

It makes overhead spraying easier, the company claims, and allows thicker coatings to be applied in each pass. Foscroe will give fuller details on 0525 375646.

DATAQUEST STUDY SHOWS EUROPE DOES NOT LAG BEHIND THE U.S.

U.S. small computer costs offset by demand

PRICES of American small computers sold in Western Europe are between 8 per cent and 148 per cent higher than in the U.S. But *the extra cost does* not appear to have dampened European demand, according to a new study by Dataquest, the U.S. market research company.

It estimates that by the end of last year, there were 661,000 *small computers (priced* at between £1,000 and £15,000 each) installed in Europe, with a total value of £1.3bn.

"Contrary to popular opinion, the major European countries are not two to three years behind the U.S. in acceptance and usage of microcomputer systems," it says.

It says that West Germany *has the largest number of* small computers installed, followed by Britain, France and Italy. The four countries together account for about three-quarters of the total.

Non-U.S. sales account on *average for about 35 per cent* of U.S. microcomputer manufacturers' total sales. American machines dominate the market in every major country except the UK, where local manufacturers have grown up and are competing successfully both at home and in other parts of Europe. Japanese manufacturers are most in evidence *in peripherals and very* inexpensive systems.

Dataquest attributes the high prices in most European countries to import duties, local support costs, currency fluctuations and national value added taxes. *VAT mainly affects sales* of computers for home use, because the tax can be passed on by business purchasers.

However, home computers *selling for under £1,000* are the most heavily-promoted type of product at present. "Although (their) per capita income appears to be low and after-VAT prices high by U.S. standards, consumers in Europe find the funds necessary to buy mass appeal goods they desire," Dataquest says.

The study points to a number of other key differences between U.S. and European *markets:*

- Electrical requirements, testing procedures and *local* language needs, which often vary from country to country.
- A shortage of off-the-shelf application software, strong demand for customer support and the widespread *availability* of leasing.
- European distributors often carry a smaller range of pro*ducts than in the U.S., though* overall distribution systems on both sides of the Atlantic are broadly similar.

(The Western European Small Computer Market: Dataquest, 19055 Pruneridge Avenue, Cupertino, California 95014. Tel: (408) 725 1200.

GUY DE JONQUIERES

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Authorised Units—continued

[illegible]

Offshore and Overseas—continued

[illegible]

Insurances—continued

[illegible]

NORTH AMERICAN QUARTERLY RESULTS

ANCHOR HOCKING

First quarter	1983 $	1982 $
Revenue	159m	140.9m
Net profits	†29.5m	†11.78m
Net per share	3.15	0.17

† Loss

EMERSON ELECTRIC

Second quarter	1982-83 $	1981-82 $
Revenue	884.9m	918.9m
Net profits	78.9m	78.4m
Net per share	1.15	1.14

HOUSEHOLD INTL.

First quarter	1983 $	1982 $
Revenue	1.81bn	1.76bn
Net profits	38.2m	21.1m
Net per share	0.61	0.30

NL INDUSTRIES

First quarter	1983 $	1982 $
Revenue	386.0m	665.2m
Net profits	†8.2m	95.03m
Net per share	†0.15	1.41

† Loss

KROGER

First quarter	1983 $	1982 $
Revenue	3.39bn	3.37bn
Net profits	21.49m	32.41m
Net per share	0.46	0.70

MOORE

First quarter	1983 $	1982 $
Revenue	446m	474m
Net profits	25.1m	25m
Net per share	0.89	0.89

SEDCO

Nine months	1982-83 $	1981-82 $
Revenue	419.2m	390.9m
Net profits	100.9m	243m
Net per share	4.54	7.72

TRANSCANADA PIPELINES

First quarter	1983 $	1982 $
Revenue	923.5m	1.02bn
Net profits	46.4m	39.7m
Net per share	1.04	0.87

LONDON TRADED OPTIONS

Option	CALLS July	CALLS Oct.	CALLS Jan.	PUTS July	PUTS Oct.	PUTS Jan.
Brit. Petroleum (*398)						
300	108	114	—	2	3	—
330	78	84	—	4	8	—
360	52	62	72	8	14	18
390	30	42	52	18	34	28
420	12	24	34	24	40	44
Cons. Goldfields (*539)						
420	130	—	—	3	—	—
460	90	107	—	5	10	—
500	60	72	82	14	25	35
550	27	42	57	37	50	60
600	9	26	—	72	—	—
Courtaulds (*95)						
70	29	31	—	1	2	—
80	19	21	24	2	2½	3½
90	12	14	16	4½	6	7½
100	7	9	11	10	12	14
Commercial Union (*153)						
120	37	40	—	1½	1½	—
130	27	30	—	2	3	—
140	21	24	27	3	6	8
160	9	13	17	13	14	17½
G.E.C. (*222)						
180	54	60	—	2	4	—
200	34	40	—	4	8	—
220	22	30	38	13	21	24
240	13	20	29	24	33	34
260	6	—	—	40	—	—
Grand Met. (*332)						
280	59	—	—	2	—	—
300	41	48	—	5	6	—
330	21	29	38	15	19	21
360	11	17	23	32	35	36
390	4	8	—	60	61	—
I.C.I. (*456)						
330	134	—	—	3	—	—
360	104	110	—	3	3	—
390	74	82	—	5	6	—
420	52	62	74	10	14	18
460	26	42	52	24	30	34
500	11	22	34	48	56	60
Land Securities (*313)						
260	56	64	—	2	—	—
280	36	44	—	5	7	—
300	17	27	38	13	16	20
330	7	17	24	28	31	36
Marks & Spencer (*208)						
180	31	38	—	3	6	—
200	20	26	33	8	16	20
220	10	16	22	21	25	29
240	3	—	—	40	—	—
Shell Transport (*490)						
390	110	118	—	2	3	—
420	80	88	—	3	6	—
460	42	50	62	10	15	26
500	22	32	40	30	38	46
550	9	14	—	68	74	—

Option	CALLS May	CALLS Aug.	CALLS Nov.	PUTS May	PUTS Aug.	PUTS Nov.
Barclays Bank (*468)						
360	112	122	—	1	2	—
390	82	92	—	2	2	—
420	52	67	82	2	6	10
460	17	37	53	10	22	37
500	4	18	32	35	40	62
Imperial Group (*116)						
90	28	—	—	0¼	—	—
100	17	—	—	1½	—	—
110	8	14	16	2	5	6
120	2¼	7	9	6	9	10
130	1	4	5	14	15	17
LASMO (*306)						
210	102	113	117	1	3	3
230	82	93	103	1	4	5
250	62	78	90	1½	10	15
270	42	63	75	2	15	20
290	25	50	—	8	20	—
300	—	—	62	—	—	27
320	8	25	—	20	30	—
330	—	—	35	—	—	45
Lonrho (*91)						
80	13	16	17	1	2	3
90	4½	9½	10½	3	5	7
100	1	5	6	10	15	16
P. & O. (*150)						
100	51	51	—	0¼	1	—
110	41	41	—	0½	2	—
120	31	31	35	1	2	4
130	21	21	25	2	3	7
140	11	13	18	3	9	14
160	2	7	12	18	23	26
Racal (*469)						
420	57	74	95	2	8	14
460	20	42	62	11	23	34
500	4	23	44	35	47	55
550	2	10	—	85	85	—
600	1	3	—	135	135	—
650	1	—	—	185	—	—
R.T.Z. (*582)						
390	192	—	—	0½	—	—
420	162	167	—	0½	—	—
460	123	127	—	0½	4	—
500	82	90	110	2	8	16
550	33	50	70	7	22	32
600	8	30	45	32	45	55
Vaal Reefs (*$117)						
80	—	—	—	1	—	—
90	28½	30½	34½	1	1½	4
100	18	22½	28½	1	3½	7½
110	8½	17½	24	2	7	10½
120	3	13	19½	6	11	15½
130	1	8	13½	14	—	21
140	1¼	4½	9½	—	—	—

Option	CALLS June	CALLS Sept.	CALLS Dec.	PUTS June	PUTS Sept.	PUTS Dec.
Beecham (*385)						
360	32	45	57	6	10	14
390	20	30	37	20	27	35
420	8	15	23	42	47	52
Guest Keen (*157)						
135	27	31	35	2	6	9
155	12	17	22	10	12	16
175	4	9	13	21	26	29

May 5 Total Contracts 2,260 Calls, 1596 Puts 664

* Underlying security price.

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.—cont.

Income Accum.	107.4	113.6	-0.7	—
Do Initial	106.1	111.7	-0.7	—
Man Pens. Accum.	234.9	247.3		—
Do Initial	197.2	207.6	...	—
Gilt-Edg Pens. Accum.	203.2	213.9		—
Do. Initial	164.4	173.1	...	—
Money Pens. Accum.	178.8	188.3	...	—
Do Initial	146.5	154.3		—

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		227.89	—	—
Managed Inv. Fd.	154.39	162.52	...	—
Property Fd	148.23	156.04	...	—
Fixed Interest Fd.	140.65	148.06		—
Cash Fd.	133.37	140.39	...	—
Income Fd.	159.68	168.09	...	—
Extra Income Fd	154.82	162.97		—
Worldwide Growth Fd.	212.89	224.10	..	—
Balanced Fd	168.11	176.96		—
Smlr Co's & Recy. Fd	197.96	208.38	...	—
Int. Technology Fd.	243.52	256.34		—
Nth. Amer. & Gen. Fd.	158.05	166.37		—
Energy Int. Fd.	94.12	99.08	...	—
Pacific Basin Fund	123.39	129.89		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	98.1	103.3		—
International	114.0	120.0	..	—
Property	106.7	112.3		—
Deposit	96.8	101.9		—
Fixed Interest	96.2	101.2		—
Managed	104.0	109.5	...	—
Equity Pens Cap	97.7	102.8	..	—
Intnl. Pens. Cap	118.0	124.2		—
Property Pens Cap	108.5	114.3		—
Deposit Pens Cap	96.1	101.1	...	—
Fixed Int Pens Cap	95.2	100.2	..	—
Managed Pens Cap.	105.7	111.2	..	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth May 1		99.6		—
Rtmt. Fed. April 6		234.2		—
Managed Pen Fund	177.2	186.5	...	—
Property Pen Fund	110.2	116.0	...	—
Index Lnkd Pen Fund	119.1	125.4	..	—
Managed	115.1	121.2	-0.2	—
Property	99.9	105.2	+0.1	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G T Plan Bond Fund	119.7	126.1	+0.5	—
GT Pln High Yld Fnd	113.1	119.1	--	—
GT Plan Far East Fnd	98.1	103.3		—
GT Pln N Am Fund	150.8	158.8	...	—
GT Pln UK&G.E. Fnd	129.9	136.8	...	—
GT Pln Wrldwde Fnd	129.4	136.3	...	—
GT Pension Bnd Fnd	128.4	135.2	+0.5	—
GT Pen High Yld Fd	127.9	134.7	...	—
GT Pen Far East Fd.	112.8	118.8	...	—
GT Pen N. Am Fd.	208.5	219.5	...	—
GT Pen UK & G.E. Fd.	148.2	156.1		—
GT Pen Worldwide Fd	137.8	145.1	-0.1	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	162.3	170.9	...	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		240.5	...	—
Portfolio Fd. Inn.		202.8	...	—
Portfolio Fd. Cap.		231.9	...	—
Investment A uts.	240.4	253.0	—	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1.413	---	—
Landbank Secs		62.7	----	—
Landbank Scs. Acc.	172.4	176.8	..	—
G. & S. Super Fd.		£10.638	..	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	299.9	312.3	...	—

GRE Linked Assurance Limited

Managed Initial	201.6	212.2	+0.7	—
Do. Accum.	221.5	233.2	+0.8	—
Equity Initial	254.1	267.4	+0.6	—
Do. Accum.	279.2	293.9	+0.5	—
Fixed Int. Initial	188.4	198.3	+2.1	—
Do. Accum.	207.0	217.9	+1.3	—
International Initial	195.7	206.0	-3.4	—
Do. Accum.	215.1	226.4	-3.7	—
North American Initial	93.9	98.8	-1.2	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	64.2	67.6	...	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mngr April 29	58.2	62.1		—
M&IFlexible April 6	50.3	53.0		—
Fixed Interest April 29	53.4	56.3		—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA 0272 279179
See adjacent Page Mon-Fri and Stock Exchange Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	273.1	—	-0.3	—
Invest. Tst. Fd. Acc.	284.1	—	-0.2	-9.7
Property Fund Cap	117.5	—	—	—
Property Fund Acc.	122.0	—	...	-3.6
Flexible Fund Cap.	180.1	—	-0.2	—
Flexible Fund Acc.	187.0	—	-0.1	-3.3
Fixed Int. Fd. Cap.	139.7	—	+0.7	—
Fixed Int. Fd. Acc.	145.3	—	+0.7	—
Gtd Deposit Fd. Cap.	137.6	—	...	—
Gtd. Deposit Fd. Acc.	142.0	—	...	—
Equity Fund Cap.	141.1	—	-0.6	—
Equity Fund Acc.	146.7	—	-0.6	—
International Fd. Cap.	134.8	—	-0.2	—
International Fd. Acc.	141.6	—	-0.2	—
Capital Gwth. Fd	409.2	—	-1.0	—
Moneymaker Fund	164.5	—	—	—
Exempt Inv Tst Cap.	383.2	—	-0.4	—
Exempt Inv Tst Acc.	388.6	—	-0.3	—
Exempt Inv Tst NS.	387.6	—	-0.3	-5.8
Exempt Ppty Cap	185.1	—	...	—
Exempt Ppty Acc	185.3	—	—	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund		283.7	...	—
Property Fund (A)		276.3	.	—
Agricultural Fund		1871.3	...	—
Agric. Fund (A)		1044.3	.	—
Abbey Nat. Fund		224.9	.	—
Abbey Nat. Fd. (A)		224.0	.	—
Investment Fund		132.4	-0.9	—
Investment Fund (A)		130.6	-0.9	—
Equity Fund		399.9	-3.0	—
Equity Fund (A)		393.1	-3.0	—
Money Fund		289.3	...	—
Money Fund (A)		285.7	...	—
Actuarial Fund		210.9	.	—
Gilt-edged Fund		186.7	...	—
Gilt-Edged Fd. (A)		186.7	.	—
Retire Annuity		346.0	...	—
Immed. Ann'ty		195.0	...	—
International Fd.		244.7	...	—

Property Gth Pens & Annuities Ltd

All Wther Ac. Uts.	251.1	264.3	...	—
Inv. Fd. Uts.		281.4	...	—
Pension Fd. Uts.		242.6	...	—
Conv. Pens. Fd.		275.9	..	—
Cnv. Pns. Cap. Ut.		209.7	...	—
Man Pens. Fd.		320.0	...	—
Man. Pens. Cap. Ut.		252.8	...	—
Prop. Pens. Fd.		271.5	...	—
Prop. Pens. Cap. Uts.		208.9	...	—
Bldg. Soc. Pen. Ut.		242.4	...	—
Bldg. Soc. Cap. Ut.		189.1	...	—
Gilts Pens. Fd		164.0	...	—
Gilts Pens. Fd. Cap.		145.9	...	—
Equity Pens. Fd.		243.0	-1.7	—
Equity Pens. Fd. Cap.		216.3	-1.5	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Standard Life Assurance Company
3 George St., Edinburgh EH2 2XZ 031-225 2552.

Managed	193.4	203.6	-0.9	—
Property	145.0	152.7		—
Equity	219.9	231.5	-2.4	—
International	204.2	215.0	-0.1	—
Fixed Interest	162.7	171.3	+0.3	—
Index Linked	101.5	106.9	-0.2	—
Cash	127.5	134.3		—
Pension Managed	221.8	233.5	-1.4	—
Pension Property	145.9	153.6		—
Pension Equity	253.2	266.6	-3.8	—
Pension Intl	241.4	254.2	+0.2	—
Pension Fxd. Int.	169.3	178.2	+0.3	—
Pension Index Linked	102.7	108.2	-0.2	—
Pension Cash	141.7	149.2	+0.1	—

Sun Alliance Insurance Group
Sun Alliance House, Horsham 0403 64141

	Series (2)			(1) Bid
Index Linked Fund	107.8	113.5	-0.2	107.8
Equity Fund	287.7	302.9	-2.9	287.7
Fixed Interest Fund	191.3	201.4		191.3
Property Fund	206.3	217.2		206.3
International Fd	173.3	182.5	+1.0	173.3
Deposit Fund	140.8	148.3		140.8
Managed Fund	229.9	242.0	+0.2	229.9
Intnl Bond May 4	£20.18	—		£20.18

Series (2) Prices are for policies issued after 11/7/1982.
Series (1) These are bid prices for earlier policies

Individual Pension Funds

Index Linked	127.8	134.6	-0.4	—
Equity	139.5	146.9	-1.4	—
Fixed Int.	155.0	163.2	-0.2	—
Property	104.9	110.5	...	—
International	144.0	151.6	+0.9	—
Deposit	108.2	113.9		—
Managed	141.5	149.0	-0.2	—

*Group Pension funds—Prices available on request.

Sun Life of Canada (UK) Ltd

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unigilt Trust	45.7	47.8		11.30
Unidollar Trust	$15.41	16.58	-0.10	2.00
Unibond Trust	$97.43	98.15		10.60

1, Thomas St., Douglas, Isle of Man. 0624 23252

Uni-Australian Tst.	63.7	68.5	-1.5	1.80
Uni-Aust. Mineral Tst.	53.9	58.0	-0.8	1.90
Uni-Pacific Trust	141.1	151.8		—
Uni-International Tst.	62.7	67.5	...	1.60

Bishopsgate Commodity Ser. Ltd.
P O Box 42, Douglas, I o M. 0624-23911

ARMAC* May 3	$61.15	66.02	.	—
COUNT** May 3	£3.709	3.934	..	1.33
CANRHO** May 3	£2.203	2.336		—
MAPSA* April 5	$12.21	12.98		—

Original issue *$10 and **£1. Next sub. June 6.

Bridge Management Ltd.
GPO Box 590, Hong Kong

N'bash May 2.		Y35,947		—
Nippon Fd May 4.	$26.35	27.51	+0.73	0.41

Britannia Intl. Investment Mngmt. Ltd.
Box 271, Queensway House, Queen Street, St Helier, Jersey C.I. 0534-73114

U.S. Dollar Denominated Funds

AmSmallerCos. Fd.	$2.178	2.342	+0.029	—
Dollar Inc Fd.	$0.823	0.881	+0.002	11.25
$ Mngd Curr'cy Fd	$9.94	10.47		5.70
First Intnl	$22.40	23.60	...	—
Gold Fund	$1.336	1.435	-0.008	3.69
Normandie In $Fdr	$12.18	12.83		—
Universal Growth Fd	$0.976	1.049	...	—

Three dealings May 6.

Sterling Denominated Funds

American Invest.	86.8	91.6	+0.8	3.00
Australian Perf Fd	63.8	68.6	-1.5	—
Far East Fund	105.6	113.6	+0.1	1.0

Hambros Fd. Mgrs. (C.I.) Ltd.
P O. Box 86, Guernsey. 0481-26521

Capital Reserve Fund	£16.30	16.31	..	0.21
C I Fund	328.0	349.3		2.36
Special Sits. Fund.	£1.253	1.339	...	2.20
Sterling Income Fund	213.3	228.2	---	12.69
Dollar Income Fund	$1.099	1.149	...	11.75
Trans. Nat. Trust	$1.123	1.183		2.54
Intnl. Bond	$107.47	111.08	...	9.55
Int. Equity	$20.20	21.26	.	1.72
Int. Svgs. 'A' $US	$1.63	1.73	...	—
Int. Svgs. 'B'	$2.21	2.33		—
Galleon Ass. Fund 'A'	$1.099	1.203	...	—
Galleon As. Fund 'B'	$1.231	1.257		—
Amer Sprc Accts	$1.20	1.16		—

Henderson Admin. & Man. (Guernsey)
PO Box 71, St Peter Port, Guernsey 0481 26541

American (US cents)	181.0	192.5	.	—
Nat'l Res. (U.S. cents)	127.4	135.5		—
Gilt Fund	£10.75	11.40	-0.02	10.96
Prime Res. Props.	94.0	100.0		—

Henderson Baring Group
1901, Edinburg Tower, Hongkong

Australia	$8.18	8.83		—
Hong Kong	$12.95	13.82	-0.03	—
Japan Tech.	$21.87	23.37		—
Japan Fund	$31.95	34.13	+0.80	—
Malay Sing	$21.72	23.40		—
Pacific Fd.	$13.477	14.150	+0.000	—
Bond Fd	$11.500	12.075	..	9.93

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St Peter Port, Guernsey, C I

Guernsey Tst.	277.4	296.7		2.56

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey 0534 76029

UK Equities (C I. Fd.)	288.0	301.9	.	3.50
UK Gilt Lq. Fxd Int.	110.0	115.0	...	11.0
Int Mng. (Growth Fd.)	156.8	165.1		—

Int. Currency Fund

D Mark		DM41.91		—
£ Sterling		£10.83		—
Swiss Franc		SF35.52		—
U S $		$21.68		—
Managed Fund	11.32	11.78		—

Box 2622, Berne, Switzerland. Telex 33425.

Quilter/Heinold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177

Resc Fd May 3	$1,536.12	538	...	1.95

Next dealing date June 1.

Rea Brothers (IoM) Ltd
29 Athol St, Douglas IoM. 0624 21724

Bond Fund	£1.180	1.215	...	11.385

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 29441

	49.9	52.2	...	—
Com Trust	71.9	77.2	...	—
Diamond Bond	127.4	134.5	...	—
Gemstone Trust	257.7	274.0	+1.9	—
Gold Bond	108.1	116.5	...	—
Managed Fund	59.1	62.2	.	—
Petroman Oil Trust	0.910	0.958		—
Do $	290.2	306.9	+3.6	—
Silver Trust	164.02	172.65	+0.08	10.05
Sterling Deposit Bd.	160.5	170.6	-0.3	—
UK Gilt Fund				

Rothschild Asset Management (C.I.)
St Julian's Ct, St Peter Pt, Guernsey. 0481 27042

OC American Fd*	$3.50	3.72	...	1.17
OC Sm Co***	186.7	198.6	..	1.39
OC Commodity†	113.6	120.9	..	2.36
OC Dir Comdty*	$36.01	38.30		1.80
OC HongroFarr	$35.63	37.90		—

*Prices April 21. Next dealing May 10.
†Prices April 29.
Next dealing May 13 ***May 13.
††Dealings every Wednesday.

OC Intl Reserves Ltd. 0481 26741-26331
See adjacent Page Mon-Fri and Stock Exchange Dealings Page Sat.

Royal Bank of Canada Funds
RBC Invest Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 23021

Intl Income Fd	$9.96	10.59	.	—
Intl Capital Fd.	$13.78	14.95		—
North America Fd	$6.39	6.97	+0.10	—

RBC Intl Currencies Fd Ltd

U.S.$	—	$20.65	.	—
Canadian $	—	C$25.83	.	—
£ Sterling	—	£10.39	.	—
D-Mark	—	DM50.85	.	—
Swiss Francs	—	SF40.17	.	—
Japanese Yen	—	Y6,123		—

OFFSHORE AND OVERSEAS

NOTES

INTERNATIONAL CAPITAL MARKETS

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WEEKLY U.S. BOND YIELDS (%)	April 27	April 20	1982-83 High	1982-83 Low
Composite Corp. AAA	10.62	10.85	14.88	10.62
Composite Corp. AA	10.78	11.09	15.24	10.78
Government:				
Long-term	10.18	10.35	14.02	10.18
Intermediate	9.83	9.98	14.24	9.83
Short-term	9.21	9.48	14.52	9.21
Municipal	n/a	8.72	12.62	8.72
Industrials AAA	10.51	10.69	14.49	10.51
Industrials AA	10.72	10.96	14.79	10.72
Utilities AAA	10.73	11.01	15.27	10.73
Utilities AA	10.85	11.23	15.69	10.85
Preferred Stocks	10.59	10.73	13.35	10.59

Source: Standard & Poor's

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$400	4	34	2	54.90	—	—	$434
GOLD C	$425	—	—	1	38	—	—	"
GOLD C	$450	23	3	26	22	4	36	"
GOLD C	$475	85	0.60	7	13	12	23	"
GOLD C	$500	—	—	21	7 A	10	19	"
GOLD P	$400	21	0.20	19	5.90	12	7	"
GOLD P	$425	16	3	—	—	—	10	"
GOLD P	$450	2	15 B	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 15,256

A=Asked B=Bid C=Call P=Put

Warrant issues of $250m launched

By Mary Ann Sieghart in London

WARRANT FEVER hit the Eurodollar bond market again yesterday as both Swiss Bank Corporation and Credit Foncier de France launched deals with warrants attached.

Guaranteed by the Republic of France, the Credit Foncier bond is for $150m at 10⅝ per cent for eight years, at a price of 101. Banque Nationale de Paris is leading the deal, together with Deutsche Bank and Salomon Brothers.

Each bond carries one warrant to buy a 12-year, 10⅝ per cent bond at par. The option is exercisable for six months. Both bonds have hefty call options – the eight-year is callable at 102 after four years, and the 12-year at 102½ after seven years. The issue traded in the grey market at a discount of about 1½ points, equal to the co-managers' selling concession.

The SBC deal was obviously priced with warrant fever in mind, and therefore did not soar to great heights. Together with last week's Deutsche Bank issue, it carries the lowest coupon – at 6¼ per cent – of any non-convertible dollar bond this year. The $100m, 10-year priced at par bonds carry seven warrants each and each warrant buys one 'bearer participation certificate' or bearer share of SBC at a price of SwFr 285. The warrants are exercisable for five-and-a-half years and the conversion price works out at a premium of just over 3½ per cent over yesterday's share price of SwFr 275. The issue, which is led by SBC International, traded in the pre-market yesterday at a price of about 104 with its warrants.

Wednesday's issue for Ontario Hydro, led by Deutsche Bank, has been increased from $200m to $250m.

The dollar secondary market was active again yesterday, following on from New York's rises the day before. Prices of seasoned bonds rose about ¾ point.

While the Swiss secondary market closed unchanged, the buoyancy of the New York market gave a boost to its German counterpart, where prices rose by about ½ point in fairly active turnover.

Sonatrach loan increased to $600m

By Peter Montagnon in London

THE LOAN currently being assembled in the Euromarkets for Algeria's oil and gas concern Sonatrach has been increased by $100m to $600m because of very good response at lead manager level.

The response would have been strong enough to allow an increase to $700m, but Sonatrach agreed this week to only a smaller increase. This means that the underwriting commitments of the 23 lead managers are now reduced to $26.1m from an original $50m. Co-lead managers are now being sought willing to put up $12.5 for a fee of ⅜ per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for May 5.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin. 10⅛ 90	100	98½	99	0	+0⅝	10.51
Amro Bank 13 89	200	108⅛	108⅝	+0¼	+0⅝	11.04
Bank of America 8 88 XW	150	98	98½	+0⅛	+0¼	10.65
Bank of Tokyo Hold. 11 90	100	99⅝	100⅝	+0⅝	+0⅝	10.98
British Col Hyd 10¼ 88	200	99⅝	100⅝	+0⅝	+0⅝	10.23
British Col Hyd 15⅝ 92	150	120½	121	+0⅝	+1	11.46
Canadair Ltd 12½ 89	175	107⅝	108⅛	+0⅛	+1	10.70
Canadian Wheat 11¼ 89	50	102½	103	0	+0⅛	10.67
Can Pac Sec 15 89	75	110⅝	111⅝	+0¼	−1¼	12.34
Coca Cola Int 9⅞ 92	100	28⅛	28⅝	+0⅛	+0⅝	10.47

	Issued	Bid	Offer	Change on day	Change on week	Yield
Japan Airlines 7⅛ 87	8†	101⅜	102⅛	0	0	7.24
New Zealand 7⅛ 89	15	101⅛	101⅞	0	+0⅛	7.31
World Bank 8⅛ 92	20	103¼	104	0	0	7.79

Av. price changes: on day 0, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Cepme 12½ 90 CS	50†	98½	99⅛	+0⅛	−0⅛	12.73
Farm Credit 12⅛ 93 CS	50†	102	102½	0	−0⅛	11.72
Interprov Pipe 12¼ 93 CS	50†	99	99½	0	−0⅝	12.38
Pancanadian 12½ 93 CS	50†	99⅝	100¼	0	−0⅝	12.48
Quebec Hydro 14 92 CS	60†	107½	108½	0	0	12.40

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

ØØ Friday May 6 1983

Date set for $ trading in sugar, Page 41

WALL STREET

Interest rate hopes lift equities

THE SHARP falls in borrowing rates recorded at the latest auctions of U.S. Treasury securities continued to boost investment confidence on Wall Street yesterday, *writes Terry Byland in New York.*

There was good demand for longer dated Treasury bonds ahead of the auction of $3.75bn in 20-year bonds planned for late in the trading session.

The confidence of the debt markets kept equities very firm and the Dow Jones Industrial Average closed 7.07 points ahead at 1219.72.

The success of Wednesday's auctions, which produced the lowest yield on 10 year notes for the past four years, confirmed market belief that further falls in interest rates are close at hand.

Market professionals hope to see a further fall in money supply in today's official statistics and will then look for an early cut in the discount rate the rate charged on loans to the banks by the Federal Reserve.

Busy trading in equities saw share prices moving somewhat erratically. The strongest features were again in rail stocks where renewed investment buying pushed the transport sector index up by 16.20 to a new peak of 547.57.

Eastman Kodak fell $1⅛ to $78⅛ in renewed response to the slump in earnings in the first quarter and also has the doubtful distinction of heading the list of active stocks with a turnover of 2.1m shares.

Over the full range of the market, 1,183 shares showed gains against only 475 recording declines, a clear indication of underlying bullishness. A total of 108.2m shares were traded, an increase over the previous day.

Rail stocks were led forward again by CSX, $1½ up at $64½, and by Union Pacific which, still benefiting from recommendation by a leading investment banker, added a further $⅝ to $57⅞. Norfolk and Southern jumped $1⅛ to $56¾.

Chrysler remained strong at $27, a net $1¾ higher after the news that it is to make its first public bond issue for 10 years.

Other car manufacturers continued to move up, helped by the latest sales figures from the industry. General Motors put on $⅛ to $70¼, and Ford at $50¾ gained a similar amount.

Airline issues again benefited from industry reports of increasing passenger traffic. Delta gained $⅝ to $45⅝ and UAL put on the same amount to stand at $34⅞.

But the brightest spot was Pan American, which rose by $¼ to $5⅞ in active trading after announcing that it was doubling its planned debt issue to $100m.

Oil shares were generally easier despite favourable review in the investment press. Exxon shed $¼ to $35¼, while Standard Oil of California, a recent favourite, fell $1¼ to $38.

Weaks spots among the domestic producers included Standard Oil of Indiana, $1⅛ off at $45⅞, and Philips Petroleum, $2¼ lower at $32¾.

Profit-taking among high technology issues left IBM ⅞ down at $115⅝ and Honeywell 1⅛ lower at $117¾.

Shares in Sears Roebuck, the Chicago based retail group added $½ to $40¾ after the news of a joint venture with First Chicago, the banking group.

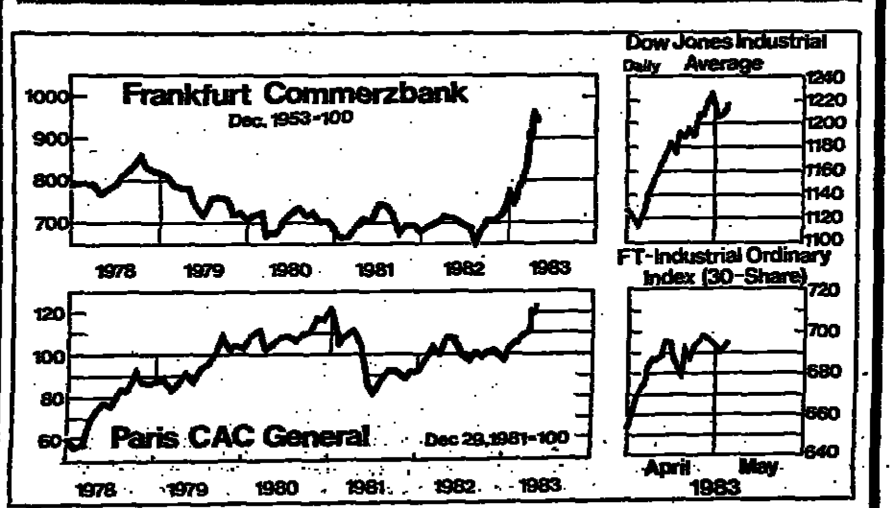
A lower Federal Funds rate of 8.5 per cent helped credit markets at first but the rate was soon back to 8⅝ per cent. The interest lay as the longer endwhere the benchmark 10⅜ per cent of 2012, which featured in the day's auction, was bought up to 101 12/32 early in the session.

Yields on Treasury bills were slightly above those reached late on Wednesday. The three month bill stood at a discount of 8.02 per cent with the six month at the same discount.

Stocks continued their upward drive in **Toronto**, with much of the impetus coming from the oil and gas sector, which has lagged behind the recovery in the rest of the market. Golds and other metals were also strongly ahead.

The pattern was repeated in **Montreal** where, of the major sectors, only papers registered a decline.

KEY MARKET MONITORS



STOCK MARKET INDICES

	May 5	Previous	Year ago
NEW YORK			
DJ Industrials	1219.72	1212.65	854.45
DJ Transport	547.57	531.37	349.53
DJ Utilities	129.34	128.79	114.79
S&P Composite	164.27	163.31	117.67
LONDON			
FT Ind Ord	695.0	689.8	576.9
FT-A All-share	430.88	433.32	332.54
FT-A 500	469.25	471.27	361.78
FT-A Ind	432.24	433.72	328.05
FT Gold mines	653.7	633.3	231.2
FT Govt secs	81.98	82.0	68.28
TOKYO			
Nikkei-Dow	closed	8663.04	7457.11
Tokyo SE	closed	632.53	551.62
AUSTRALIA			
All Ord.	589.1	592.6	496.6
Metals & Mins.	519.1	524.3	361.5
AUSTRIA			
Credit Aktien	59.8	59.48	52.33
BELGIUM			
Belgian SE	122.71	122.22	93.90
CANADA			
Toronto Composite	2394.18	2347.15	1526.50
Montreal			
Industrials	N/A	400.32	280.79
Combined	397.83*	390.81	263.51
DENMARK			
Copenhagen SE	closed	138.35	93.87
FRANCE			
CAC Gen	123.5	122.6	110.2
Ind. Tendance	127.7	127.3	123.5
WEST GERMANY			
FAZ-Aktien	313.49	317.14	233.6
Commerzbank	937.7	948.2	711.7
HONG KONG			
Hang Seng	987.29	986.64	1316.2
ITALY			
Banca Comm.	194.8	195.52	186.1
NETHERLANDS			
ANP-CBS Gen	124.9	124.1	92.9
ANP-CBS Ind	102.5	101.8	72.6
NORWAY			
Oslo SE	187.45	185.7	108.42
SINGAPORE			
Straits Times	968.46	958.82	757.34
SOUTH AFRICA			
Golds	924.6	936.6	420.8
Industrials	899.7	831.9	595.9
SPAIN			
Madrid SE	112.13	110.49	123.16
SWEDEN			
J & P	closed	1426.88	577.32
SWITZERLAND			
Swiss Bank Corp	329.0	327.8	254.6
WORLD	May 4	Prev	Yr ago
Capital Int'l	177.3	176.4	137.4

GOLD (per ounce)

	May 5	Prev
London	$434.50	$432.50
Frankfurt	$434.00	$433.25
Zürich	$433.50	$433.50
Paris (fixing)	$437.54	$437.38
New York (May)	$434.90*	$435.10

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR May 5	U.S. DOLLAR Previous	STERLING May 5	STERLING Previous
£	1.5780	1.5805	–	–
DM	2.4405	2.4455	3.85125	3.8675
Yen	235.05	236.25	371	373.50
FFr	7.360	7.3875	11.61	11.6775
SwFr	2.0510	2.0570	3.2375	3.25
Guilder	2.7480	2.7480	4.3375	4.3450
Lira	1454.5	1459.25	2295	2306.25
BFr	48.77	48.85	76.95	77.13
C$	1.22375	1.22575	1.9315	1.9385

INTEREST RATES

	May 5	Prev
Euro-currencies (three month offered rate)		
£	10 1/16	10 3/16
SwFr	4 3/16	4½
DM	5 1/16	5 1/16
FFr	15¾	16
FT London Interbank fixing (offered rate)		
3-month U.S.$	8 13/16	8 15/16
6-month U.S.$	8⅞	9
U.S. Fed Funds	8⅝	8¾
U.S. 3-month CDs	8.35	8.50
U.S. 3-month T-bills	8.05	8.0

U.S. Treasury Bonds

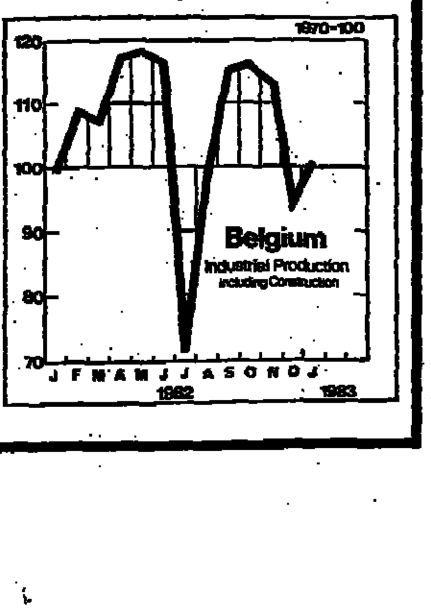
	May 5 Price	May 5 Yield	Prev Price	Prev Yield
9⅛ 1985	100 17/32	9.28	100 22/32	9.11
10½ 1990	101 24/32	10.12	102 19/32	10.03
10⅜ 1993	103 28/32	10.23	104 13/32	10.15
10⅜ 2012	99 25/32	10.37	101	10.26

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	79-09	n/a	79-07	79-22
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.01	92.10	92.00	92.10
Cert Deposit (IMM) $1m points of 100%				
June	91.61	91.72	91.60	91.69
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.33	91.41	91.32	91.35
20-year Notional Gilt £50,000 32nds of 100%				
June	106-09	106-17	106-05	106-15

LONDON COMMODITY MARKETS

	May 5	Prev
Silver (spot fixing)	789.70p	780.20p
Copper (cash)	£1111.50	£1114.75
Coffee (May)	£1851.50	£1866.50
Oil (spot Arabian light)	$28.85	$28.90



LONDON

Uncertainty ahead of poll result

THE UNDERTONE in London showed signs of increasing uncertainty as investors waited for the outcome of yesterday's local council elections, which are expected to have a bearing on the Government's timing of a general election.

Overall trading conditions were thin and sensitive and leading industrials presented a distinctly mixed appearance at the close of business. Sentiment at the outset was clouded by a sharp reaction in oil shares following reports – subsequently discounted by Middle East sources – that Iran is selling crude oil to Japan at $2 below the Opec benchmark.

The reaction in oils proved short-lived, with quotations rallying strongly to close well above the worst.

British Petroleum, down to 384p at the outset, rallied to 398p, just 2p cheaper on balance, helped by the chairman's encouraging statement at the annual meeting. Shell finished 4p off at 488p, after 480p. I C Gas, however, closed at the day's lowest level of 190p, down 8p. Elsewhere, Global Natural Resources gained 70p to 475p on Canadian advices.

Genuine investment interest was at a low level and many of the movements in the leaders reflected the thin conditions prevailing, with jobbers willing to follow buyers or sellers. Above average rises in Bowater, Cadbury Schweppes, BICC and Marks and Spencer between them accounted for more than the rise of 5.2 to 695.0 in the closing Financial Times Industrial ordinary share index; at 10 am, this measure showed a loss of 4.6.

The bid scene was enlivened by a rise of 21p to 211p in Thomas Tilling on hopes of a higher offer from BTR following Tilling's dividend and profits forecast in its aggressive defence document.

Government stocks passed another quiet trading session. Slightly easier money market rates saw marginal improvements in the shorts, but longer-dated stocks fluctuated narrowly before closing ⅛ to ¼ lower on balance.

Share information service, Pages 42–43

AUSTRALIA

Resources ease

LEADING resource stocks fell back in Sydney and Melbourne as speculation about more rights issues or share placements prompted growing concern about whether the market could absorb any more such offerings. Issues or placements totalling about 570m shares have been announced in the past three weeks.

Meanwhile, heavy trading in Pacific Copper dominated activity in both centres following Bond Corporation's offer at A$1.05 a share, later increased to A$1.10 and A$1.15 as Pacific's market price rose.

SOUTH AFRICA

Industrials up

INDUSTRIALS closed very firm in Johannesburg, with gains outnumbering losses by almost four to one. However, despite a firm bullion price, gold shares were easier in a quiet market.

Losses among the heavyweights ranged to R1.50, with Kloof at R57, while cheaper priced producers generally declined between 5 and 25 cents.

FAR EAST

Singapore poised for new record

Further gains were posted in share prices in Singapore in a day of active dealing. The Straits Times Industrial index advanced 9.64 to 968.46 – within five points of its all-time high of 973 reached in June 1981.

The market view now is that the index will easily set a new record and surpass the 1,000 level before any significant correction sets in.

The total volume of business was 26.7m shares during the session, with advances outnumbering declines by almost two to one. A higher level of overseas demand is aiding sentiment.

Motor shares were selectively higher, with Tan Chon 45 cents ahead at S$6.20. Banks were mixed with UOB 10 cents higher in active dealings at S$5.10 and Public Bank 15 cents up at S$9.

Construction related issues were also mixed with National Iron and Malayan Cement each down 5 cents at S$9.95 and S$7.90 respectively, but PMC ended 10 cents ahead at S$6.85 and Jurong was 5 cents up at S$5.45.

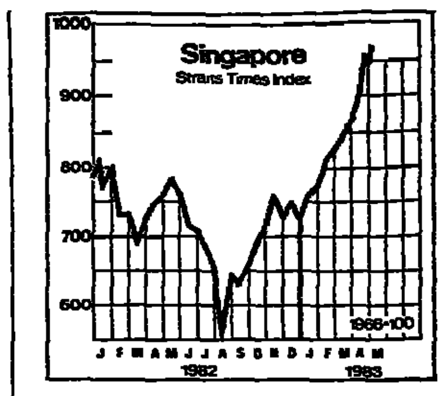
Elsewhere, Cold Storage was 5 cents higher at S$5.25 while Fraser and Neave was unchanged at S$9.35.

In **Hong Kong**, a rising local dollar helped to arrest the decline in shares seen on Wednesday.

An early bout of selling, resulting largely from sell orders placed overnight in London, took the Hang Seng index 6.91 down at the end of the morning session. But later, short-covering helped the measure to end just 0.65 down on the day at 987.29.

Leaders were mostly steady with Hongkong Electric rising 5 cents to HK$5.65, Hongkong Land 2 cents at HK$4.17, Hutchinsom Whampoa 10 cents at HK$13.40 and Swire Pacific "A" also 10 cents at HK$13.50.

The **Tokyo** market was closed for a public holiday.



EUROPE

Frankfurt ready to consolidate

INVESTORS now seem determined a period of consolidation is overdue in Frankfurt. Leading shares closed mostly lower in moderate turnover, after an early attempt to push prices high came to nothing.

The Commerzbank index fell 10.5 on the day to 937.7 – well below the 22-year peak of 965.6 set on April 27.

The focus of attention was Daimler following Wednesday's one-for-nine rights issue. It closed against the trend, DM 4 higher at DM 547, but this was well below early highs of DM 548.70 and pre-bourse quotes of DM 551. BMW shed DM 3.20 to DM 338 and VW DM 1.50 to DM 176.50, while Conti Gummi, the tyremaker, fell back 50 pf to DM 90.50.

Banks were generally easier though Deutsche Bank managed a DM 6 advance to DM 328. Bayernverein lost DM 6 to DM 341, ex-dividend, Dresdner DM 4 to DM 183.50 and BHF 50 pf to DM 298.50.

Bonds rose strongly in moderate trading for the first time since the Bundesbank cut interest rates in mid-March, as hopes grew of new reductions in U.S. and domestic interest rates over the next few days.

Elsewhere in Europe, shares were generally mixed to higher.

Amsterdam firmed after a mixed opening with Dutch international, Hoogovens, one of the most actively traded stocks rising FL 3.60 to Fl 24.60 after its announcement of an expected modest improvement in 1983 results.

KLM fell back Fl 38 to Fl 100 while Unilever gained Fl 1.7 to Fl 210.50 after shedding Fl 1 at the opening. Among the banks, NMB rose Fl 4.30 to Fl 152.50 while ABN gained Fl 4 to Fl 370.

Shares were generally firm in **Paris** with foods, rubbers, electricals, engineerings and oils all higher. BSN was up FFr 15 at FFr 1,765, Michelin FFr 14 at FFr 788, Legrand FFr 30 at FFr 1,950, CFP FFr 8.5 at FFr 178.5 and Elf FFr 3 at FFr 167.

Financials, constructions and hotels were mixed while motors, banks and chemicals were lower. Among the most active shares, L'Oreal advanced FFr 21 to FFr 1,588 and Carrefour declined FFr 55 to FFr 1,390.

Domestic and foreign shares were mixed in lively trading in **Brussels** though the undertone remains firm. Cometra gained BFr 60 to BFr 2,460 after an announcement that it will probably maintain its dividend of BFr 162.5 a share.

Domestic share prices were firmer in moderately active **Zurich** trading, and the market continues to draw support from expectations of an economic recovery. Easier Eurodollar deposit rates also reinforced optimism about U.S. interest rates.

Speculation about an early rights issue, later denied by the company, took Hasler up SwFr 40 to SwFr 1,940. Among banks, Bank Leu shares were in demand, while UBS and Swiss Banking Corporation also firmed. Credit Suisse bearer closed unchanged at SwFr 2,070. Gains in leading financials stretched to SwFr 20.

Stocks rose in fairly active trade in **Madrid** where the bourse index closed 1.64 higher at 112.13. The advance was led by electricals, and banks were also firmer following the end of a strike by employees over pay.

Shares closed generally lower for the third successive day in **Milan**, though a late rally reduced earlier losses. The weakness was attributed to liquidation of speculative positions and political uncertainties ahead of the general elections called for June 26 and 27.

NEW YORK STOCK EXCHANGE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12⅝	5¼	AAR	.44	3.8	18	25	11⅞	11⅝	11⅝	
37¼	27½	ACF	2.76	8.1	14	594	34⅜	34⅛	34¼	+⅛
20	12¼	AMF	.50	3.1		582	16⅜	16	16¼	
29¼	13¼	AMR Cp				5170	u29⅛	28½	29⅛	+⅞
15⅞	4	AMR	wt			2362	15⅞	14⅞	15⅞	+¾
18¾	12⅞	AMR	pf2.18	12.		18	18	17⅞	17⅞	
34⅛	24⅞	AMR	pf2.13	6.3		852	33½	32⅞	33½	+1
6⅞	2½	APL				96	u7	6⅞	7	+¼
47⅞	25¼	ARA	2.05	4.1	15	314	u50	47⅞	50	+2½
79⅞	24½	ASA	3a	4.1		905	72¾	71½	72⅞	+¾
30	13⅞	AVX	.32	1.0	50	203	u31	29⅞	30⅞	+1¼
47½	27⅞	AbtLab	1	2.2	18	4621	45⅞	44⅞	45⅝	+¾
29¼	26½	AccoW	n.12e	.4	22	21	29¼	29	29¼	
22⅞	15⅞	AcmeC	.40	1.9		42	21¼	20⅞	21	+½
12½	5¼	AcmeE	.32b	2.4	44	267	u13½	12	13½	+1¼
18⅞	4⅞	AdmDg	.04	.2	16	103	18⅜	18⅛	18⅜	+¼
17⅞	12½	AdaEx	1.73e	10.		78	17½	17	17¼	+⅜
12⅝	4⅝	AdmMl	.24	2.0	11	164	12½	12	12	−½
28	12⅞	Advest	s.16	.6	14	89	27⅜	27	27⅜	−⅛
42	13	AMD	s		58	3416	u44¼	42½	43⅞	+2
44⅞	32⅞	AetnLf	2.64	6.4	8	1966	41¾	41	41⅛	−⅛
65	52⅜	AetL	pf3.70e	6.3		15	59¾	58½	58½	+⅛
38¾	8	Ahmns	.60	1.6		2501	38½	37¾	38⅛	+¾
4	2⅞	Aileen				69	3⅝	3⅛	3⅛	−⅛
46⅛	29⅞	AirPrd	.80	2.0	13	3213	41½	40⅞	40⅞	−⅛
24¾	8⅞	AirbFrt	.60	2.4	26	428	u25½	23	25⅜	+2⅛
3	2	AlMoa	n		5	67	3	2⅞	3	+⅛

C—C—C

D—D—D

E—E—E

F—F—F

G—G—G

H—H—H

I—I—I

J—J—J

K—K—K

L—L—L

M—M—M

N—N—N

B—B—B

Continued on Page 39

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅞	5⅞	AAV	.32	1.7	15	45	19⅜	18⅞	19¼	+ ⅛
6⅛	1	ATI			15	201	3½	3⅜	3½	+ ⅛
11⅞	2	AcmePr			30	146	9¼	9⅛	9¼	+ ⅛
21¼	12⅞	AcmeU	.40	2.0	18	45	20½	20¼	20¼	+ ⅛
30¾	2¾	Acton			7	136	30⅜	28⅝	29¼	+ ¾
9⅞	5⅛	Actons	.10t	1.3	44	137	7½	7⅛	7½	+ ⅛
3¾	⅞	Acm	wt			38	1⅛	1⅛	1⅛	
5	1⅛	AdmRs	.10	4.0		204	2⅝	2½	2½	− ⅛
27⅞	12	AdRusl	s.10	4	26	43	25⅝	25	25⅝	+ 1⅛
21½	11⅛	Adobe	.20	1.1	12	201	18⅝	18	18	− ⅜
3⅞	2	AegisCp			11	393	3⅞	3⅝	3⅝	
21½	9⅛	Aeroflx	1.55t	8.7	15	41	18⅛	17⅝	17⅝	+ ⅛
7	2⅞	Aeronca			12	58	6⅛	5⅞	6	
25	9¾	AffilHsp	.32	1.2	12	25	u25¾	24⅝	25¾	+ 1
38⅞	16⅛	AllPb	s.64	1.8	17	80	38½	38⅛	38⅛	+ ⅛
[illegible]										

Continued on Page 40

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
54½	24⅞	Unitrde	.25	.5	25	80	u55⅞	52⅞	55⅞	+ 2⅞
22½	12⅞	Univar	.68	3.2	23	53	21⅞	21⅛	21⅛	− ⅛
27⅞	15⅞	UnivFd	1.04	4.3	9	26	24⅝	24⅛	24⅛	− ½
38⅞	24½	UnLeaf	1.76	4.6	9	24	38⅛	38	38	
37½	21¼	Unocal	1	3.0	8	5389	34⅞	33⅞	33⅞	− ⅛
58½	38	Upjohn	2.28	3.7	14	1229	u61¼	58⅞	61¼	+ 3⅛
27	14½	USLIFE	.88	3.4	7	394	26	25½	25⅝	− ⅛
28½	18⅛	USLF	pf2.25	8.1		27	27⅞	27½	27⅝	− ⅛
10	7½	UslfeFd	1.04a	11.		5	9⅝	9⅝	9⅝	+ ⅛
33⅞	17⅞	UtaPL	2.28	9.8	9	423	23¼	23	23¼	
25¼	19⅜	UtPL	pf2.80	11.		21	24⅞	24⅞	24⅞	
26½	20	UtPL	pf2.90	11.		661	26¼	26	26	

Continued on Page 40

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on *the latest declaration.*

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the *Bankruptcy Act,* or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

AUSTRIA

BELGIUM/LUXEMBOURG

FRANCE

GERMANY

ITALY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (81)

BRITISH FUNDS (6)
Exch 10pc 83 — Exch 10½pc 87 A
Exch 11¾pc 86 — Treas 13pc 90
Treas 12pc 86 — Treas 8¼pc 87-90

INTL BANKS (3)
Int Am Dev BK 05 — NZ 14¼pc 87
Mex 16½pc 2008

COMMONWEALTH & AFRICAN LOANS (1)
NZ 7½pc '83-86

LOANS (1)
FFI (UK Fo) 8½pcLn 92-97

FOREIGN BONDS (2)
Ireland 7½pc 81-83 — Pet Mex 14½pc 06.

AMERICANS (10)
Amax — Honeywell
Amdahl — Rockwell
Brunswick Corp — Saul (B. F.)
Colgate-Palmolive — Shell Oil
Eaton Corp — Time Inc

CANADIANS (1)
Bow Valley

BANKS (2)
Joseph (L.) — Seccombe Marshall

BEERS (2)
Clark (M.) — Scottish Newcastle

BUILDINGS (2)
Baggeridge Brick — Brickhouse Dudley

CHEMICALS (1)
Novo Inds B

STORES (4)
Debenhams — Lincroft Kilgour
Executex — Vantona-Viyella

ELECTRICALS (4)
ASEA — Norsk Data
Electrocomponents — Unitech

ENGINEERING (6)
Crown House — Weeks Assoc
Metalrax — Whessoe
Simon Eng — Wood (S. W.)

INDUSTRIALS (9)
Assoc Heat — Glaves Group
Bridon — Hay (N.)
Bridport-Gundry — Standard Fireworks
Chamberlain Phipps — Tilling (T.)
Cont Stationery

INSURANCE (1)
Hogg Robinson

MOTORS (3)
Volvo — Jessups
Plaxtons

NEWSPAPERS (2)
BPM — News Int

PAPER (2)
Olives Paper — Usher-Walker

PROPERTY (1)
Five Oaks

SHOES (1)
Garnar Booth

TEXTILES (1)
Ingram (H.)

TRUSTS (11)
Atlanta Baltimore — West Coast & Texas
Child Health — Britannia Arrow
FUGIT — M & G Group
Mid Wynd Inv — Silvermines
New Throg (83) Inv — Smith Bros
New Tokyo Inv

OIL & GAS (1)
Burmah 8½pcLn

OVERSEAS TRADERS (1)
Aust Agric

PLANTATIONS (2)
Bertam — Rowe Evans Inv

MINES (1)
Tara Expln

NEW LOWS (26)

BRITISH FUNDS (2)
Treas 2pc IL 88 — Treas 2½pc IL 2016

BUILDINGS (4)
AMEC — Magnet & Southerns
French Kier — Vibroplant

STORES (1)
Stalsberg

ELECTRICALS (1)
Black (M.)

ENGINEERING (1)
Brasway

FOODS (3)
Assoc Brit Foods — Canvermoor
Bejam

INDUSTRIALS (6)
Combined Tech — Rockware
Macarthys Pharm — Sangers
Maclellan — Unilever

MOTORS (1)
Perry (H.)

PROPERTY (1)
Warnford Inv.

TEXTILES (2)
Spencer (G.) — Strond Riley

TRUSTS (1)
Kitchen Taylor

OIL & GAS (3)
Branon — Silkolene
Gaelic Oil

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 3	May 13	July 28	Aug 8
May 16	May 27	Aug 11	Aug 22
May 31	June 10	Sept 1	Sept 12

For rate indications see end of Share Information Service

Stocks favoured for the call included Bowater, Tace, Mettoy, Polly Peck, Allied-Lyons, Woodside, Premier Oil, Arlen, KCA International and Intervision. No puts were reported. Double options were taken out in KCA International, Marinex and Debenhams.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thur May 5 1983 Index No.	Day's Change %
1	CAPITAL GOODS (206)	[illegible]	[illegible]
2	Building Materials (23)	[illegible]	[illegible]
3	Contracting, Construction (30)	[illegible]	[illegible]
4	Electricals (33)	[illegible]	[illegible]
5	Engineering, Contractors (10)	[illegible]	[illegible]
6	Mechanical Engineering (64)	[illegible]	[illegible]
8	Metals and Metal Forming (11)	[illegible]	[illegible]
9	Motors (18)	[illegible]	[illegible]
10	Other Industrial Materials (17)	[illegible]	[illegible]
21	CONSUMER GROUP (201)	[illegible]	[illegible]
22	Brewers and Distillers (23)	[illegible]	[illegible]
25	Food Manufacturing (21)	[illegible]	[illegible]
26	Food Retailing (14)	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Thur May 5	Day's change %	Wed May 4
	British Government			
1	5 years	117.59	+0.07	117.51
2	5-15 years	130.79	−0.04	130.84
3	Over 15 years	140.85	−0.02	140.88
4	Irredeemables	147.04	−0.06	147.14
5	All Stocks	129.54	−0.01	129.55
6	Debentures and Loans	103.85	−0.23	104.09
7	Preference	80.57	—	80.57

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RISES AND FALLS

	Rises	Falls	Same
British Funds	19	31	48
Corpns., Dom. and Foreign Bonds	10	3	65
Industrials	152	423	764
Financial and Prop.	54	165	301
Oils	7	36	68
Plantations	6	2	14
Mines	27	54	72
Others	78	44	60

FINANCIAL TIMES STOCK INDICES

	May 5	May 4	May 3	April 29	April 28	April 27	year ago
Government Secs.	81.98	82.00	81.73	81.55	81.60	81.60	68.28
Fixed Interest	83.66	83.80	83.64	83.72	83.71	83.71	68.92
Industrial Ord.	695.0	689.6	692.1	695.3	696.8	699.0	576.9
Gold Mines	663.7	663.3	639.0	613.7	610.5	647.4	231.2
Ord. Div. Yield	4.52	4.54	4.52	4.50	4.49	4.47	5.42
Earnings, Yld.% (full)	8.87	9.14	9.10	9.06	9.15	9.13	11.52
P/E Ratio (net) (*)	13.78	13.28	13.34	13.40	13.23	13.26	10.85
Total bargains.	24,840	24,183	19,556	23,488	25,765	23,862	16,210
Equity turnover £m.	—	204.87	214.85	258.39	280.46	289.87	134.59
Equity bargains	—	19,303	21,828	21,606	22,747	21,713	12,673
Shares traded (ml)	—	128.8	132.9	170.3	173.7	169.4	93.1

10 am 685.2. 11 am 685.7. Noon 687.4. 1 pm 689.0. 2 pm 689.8. 3 pm 690.7.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.84.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.75 (11/4)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.36 (18/4)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	699.0 (27/4)	598.4 (12/1)	699.0 (27/4/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.5 (29/3)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	May 4	May 3
—Daily		
Gilt Edged Bargains	176.1	172.6
Equities Bargains	125.1	141.4
Equities Value	414.1	434.3
5-day Avrge		
Gilt-Edged Bargains	162.4	160.9
Equities Bargains	138.9	141.4
Equities Value	504.7	511.1

NEW YORK AND CANADA

NEW YORK Dow Jones Indices

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 39

NEW YORK

Continued from Page 39

COMMODITIES AND AGRICULTURE

Stocks high on rubber body agenda

THE INTERNATIONAL Naturl THE Internationol Natural Rubber Organisation (Inro) buffer stock committee began a four-day meeting yesterday in Kuala Lumpur to prepare for a full council meeting next week. The opening session considered the latest report of hte buffer stock manager, and the technicalities of warehousing some 270,000 tonnes of rubber already purchased for the buffer stock.

The producer countries represented at the meeting are Malaysia, Indonesia, Thailand, Sri Lanka, Nigeria and Papua New Guinea. The consumer countries are the U.S., the European Community, Canada, China, the Soviet Union and Japan. The Inro council meeting starting on May 11 must also appoint a new buffer stock manager.

● INDIAN RUBBER GOODS manufacturers have called for immediate imports of natural rubber to curb fisteep risee after natural rubber prices rose this month to 20,000 rupees a tonne from about 14,000 rupees two months ago.

In January, India's Rubber Board chairman Mr K. Mohanachandran, estimated the country's total rubber production at 167,000 tonnes in 1982-83 against 152,000 the previous year. Since then, drought has reduced rubber output in southern India and it is reckoned that India will need to import at least 50,000 tonnes of natural rubber during 1983-1984.

● AERIAL CROP SPRAYING is to be opposed by a campaign of the 80,000-member Agricultural and Allied Workers' Union because of alleged dangers involved with the weed-killer chemicals used. This was decided yesterday at the annual conference of the union, a section of the Transport and General Workers' Union, held in Eastbourne.

● SOVIET WINTER GRAIN crops in the lower Volga have been badly hit by the winter weather, according to the East Bloc Agricultural Newsletter published in Bonn. The West German publication said a large part of the crop had been lost from drought and frost.

Poultry farmers angered by EEC

BY RICHARD MOONEY

THE EEC Commission's plan to release 2m to 3m tonnes of wheat from Community intervention stores for use as animal feed was "an insult to hard-pressed poultry farmers," Mr Peter Humphrey, chairman of the British Poultry Federation, said in London yesterday.

He told the federation's annual meeting that grain had poured out of the UK to Continental feed compounders and there were only a few hundred thousand tonnes of wheat in UK intervention stores.

"That grain should be made available to us at subsidised prices,' he declared. "We are the best customers of the cereals sector. We have no intervention system to underpin our own poultrymeat and egg markets, and it is time that the Community recognised the part we play in food production, and our need for assistance from time to time.

"The suggestion of a complicated incorporation scheme designed only to get the cereals sector out of the problems it has caused for itself is the height of cynicism and a studied insult to hard-pressed poultry farmers."

He said the poultry industry could not afford to be the Community's perpetual cinderella. "If the EEC will listen only when farmers demonstrate their anger in the streets, then we shall have to consider that possibility for ourselves," he warned.

He also complained about subsidised competition from other Community poultry industries and demanded an injection of capital into processing and packing plants.

Producers who by "geographical accident" were in development or assisted areas had understandably taken advantge of the opportunities they were given, Mr Humphrey sid.

Date set for dollar sugar trading

BY JOHN EDWARDS, COMMODITIES EDITOR

THE NEW London raw sugar futures dollar contract will start trading on June 1, it was confirmed yesterday. The first trading month will be October this year and five other months up to October, 1984, will be quoted initially. The existing sterling raw sugar contract is due to be phased out by May, 1984, but special arrangements will be made to help traders transfer their outstanding positions from the sterling to the dollar contract.

Mr Michael Stone, chairman of the United Terminal Sugar Market Association, said yesterday that it was hoped to introduce the new white (refined) futures contract, also in dollars, on July 1.

But the launch involved the creation of two "rings" on the trading floor, new seats, and approval of the proposed rules. Nevertheless he pointed out that there had been a 100 per cent vote in favour of introducing a whites contract in London, even though two previous attempts had failed. It is hoped that the switch to a dollar contract, and the growth in world trading of white sugar, will make the difference this time.

The Paris white sugar futures market is making arrangements for prices to be quoted in both French francs and dollars, although actual trading will continue in francs.

In Geneva yesterday, Australia was asked by the Soviet Union to withdraw a proposal that all special arrangements should be incorporated in the proposed new International Sugar Agreement.

Cuba claimed at the conference that exports to socialist countries would not affect the world market.

Reports of fire damage lift cocoa

By John Edwards

COCOA PRICES advanced on the London futures market yesterday following a report on Accra Radio that 35 to 40 per cent of Ghana's cocoa farms had been destroyed by bush-fires. However, traders evidently viewed the report with some scepticism since the July futures position ended the day only £12 up at £1,314.5 a tonne after reaching a peak of £1,323 and a low of £1,298.

Opinion is divided in the market about just how seriously West African cocoa crops have been hit by bush-fires and drought. Some traders claim the damage is severe while others say it has been exaggerated.

Meanwhile the large surplus of supplies overhanging the spot (May) position on the market is a depressing influence. Reuter reported from Abidjan that in a broadcast monitored there Mr P. V. Obeng, Ghana Government co-ordinating secretary responsible for the cocoa industry, said the whole industry would be restructured. He confirmed that the price paid to cocoa producers had been raised from 360 to 600 cedis per 30 kilos.

London copper market surges

By Our Commodities Staff

COPPER PRICES rallied in late trading on the London Metal Exchange yesterday following a report that talks between Phelps Dodge, the second biggest U.S. copper producer, and the unions on terms of new labour contracts had broken down. However, a union spokesman later said the talks were continuing.

Meanwhile, negotiations between the three largest U.S. aluminium producers and the United Steelworkers of America began this week on renewing labour contracts due to expire on May 31.

FARMER'S VIEWPOINT

Putting a cap on production

MR SIMON GOURLAY, vice-president of the National Farmers Union, warned the union's Welsh council recently with a candour unusual for one in his position, that farmers should be practical and not expect prices of products in structural surplus to go on rising indefinitely. "There is no point," he is reported as saying, "in holding the theory that the UK is not over-producing. We have to accept that we operate within a political structure and surpluses must be dealt with."

He added that the market for extra milk sales was simply non-existent, even with increased export subsidies. But neither the NFU nor the Milk Marketing Board was in favour of quotas or co-responsibility levies. There had to be price restraint to control production, and this would put pressure on producer margins.

Mr Gourlay's warning was to the point. The situation in the milk product market is so saturated that it would be difficult even to give any extra supplies away, and mere price restraint would do nothing to persuade farmers to reduce output. Faced with static prices or even lower ones, most dairy farmers would respond by increasing production to reduce unit costs. A co-responsibility levy would have the same effect, although the money extracted could go towards handling some of the surplus dumping operations.

A quota scheme has been vociferously condemned by the Milk Marketing Board and many farmers, on the grounds that it would penalise efficiency. Progressive farmers would suffer, while the unprogressive—ie, those who did not wish to increase their output for various reasons—would presumably be left happily enjoying their mediocrity.

There are two sorts of quota scheme. One relates to the individual farmer's production, coupled with two-tier pricing. The farmer gets the guaranteed price for a proportion of his output, and the realisation price for the remainder. The other applies the quota to the whole industry with farmers sharing equally the guaranteed price and the lower price for the residual surplus.

This, in fact, was the Standard Quantity scheme which limited the British Government's liability for the milk guarantee under the Agricultural Act. It did nothing to reduce the milk surplus because the penalty for over-production was shared between those who over-produced and those who did not on the total of milk produced.

As an example, suppose the deficit on surplus supplies was 50 per cent. Those who produced it would think twice before expanding their output if they stood to pay for it, but spread over all their fellows it is the non-overproducers who really pay. All this talk of efficiency is a smokescreen to protect the over-producers: there is nothing efficient in producing more than the market can absorb.

Quotas don't always reduce embarrassing surpluses. The EEC has had a long running quota system for sugar beet, inherited from those operating in member countries before the Community was formed. It comprises a three-price system of A, B and C prices with C quota sugar receiving no more than 10 per cent of the guaranteed price this year. In spite of this deterrent, production has increased by over 50 per cent in the past 10 years.

Over-production was, of course a commonplace in individual member countries in the past, dealt with by the nations concerned. Community membership removed the individual State's responsibility and at the same time has made the Community the second largest exporter of food in the world after the U.S. In fact, in the sensitive areas of sugar, milk and beef it is now the largest exporter. It has achieved this not by any magic of production or marketing efficiency, but by having the funds available with which to subsidise exports.

All food exporting countries subsidise their farmers to some extent, but the EEC is accused —rightly I believe—of paying out the most per tonne of food exported.

Yet there are signs that a change is on the way. Although the threat of a confrontation with the U.S. on trade is under wraps at the moment, probably because of that country's need for deploying Cruise missiles in Europe, there are possibilities of a more accommodating stance in Brussels.

With dairy products there is growing realisation that there are no more physical outlets left. The New Zealanders are in despair because of the threat of massive surpluses in both the U.S. and the EEC. They are trying to get an accommodation with both and hinting at restricting their own production.

The EEC is now talking of joining the International Sugar Agreement and is co-operating in trying to reduce acreage. It is also agreeing to limit cereal exports for this year as a gesture to the U.S. where the payment-in-kind scheme is hopefully going to reduce surplus stocks in a few years.

To be fair, the Commission is probably anxious to co-operate in some form of production control and would do so but for its peculiar constitution. Its executive power is limited to what the Council of Farm Ministers will agree to allow it to do.

The solution is to relate the EEC farm fund (FEOGA) expenditure to the country whose farmers incur it. But that, one official in Brussels told me the other day, would destroy the concept of a Common Market. So the alternative is to soldier on until money runs out, which should concentrate all minds wonderfully.

John Cherrington

Reagan urged to export more

WASHINGTON—The Senate Finance Committee has approved a resolution urging President Reagan to begin negotiations with the Soviet Union on a new, expanded long-term Grain Agreement. The full Senate is expected to vote on the resolution next week.

The U.S./USSR grain agreement is in its sixth year and will expire on September 30. Senate sources said the Soviet Union had not yet replied to the President's offer last month to open talks on a renewal of the pact. Reuter

U.S. scheme helps boost grain prices

BY NANCY DUNNE IN WASHINGTON

THE U.S. payment-in-kind programme, designed to cut both stocks and production, has already produced a marked improvement in grain prices, according to the U.S. Department of Agriculture.

The tightening of stocks freely available to the market in 1982-83 and the likelihood of tighter supplies next season has boosted maize prices 60 per cent since last autumn and, wheat prices are up 20 per cent. Cotton prices are 15 per cent higher and rice prices have risen more than 10 per cent.

While USDA officials are pleased with the gains, only maize prices are substantially higher now than last spring. The increases are expected to be sustained if, as expected, farmers follow through on their acreage-reduction plans.

The PIK programme, which pays farmers some cash plus grain from U.S. Government stocks for limiting production, is expected to maintain net farm income this year or perhaps even to raise it. Last year, incomes sank to the lowest levels since the Great Depression, and they were expected to decline even further in 1983.

Production expenses are expected to decline 2-4 per cent, the first drop since 1953. Farmers' demand for short and intermediate-term credit is also expected to decline

While the PIK programme is expected to cut usage of fertiliser 16 to 18 per cent, the USDA expects bter economic conditions in late 1983 and 1984 to reduce the financial stress

PRICE CHANGES

In tonnes unless stated otherwise	May 5 1983	+ or —	Month ago
Metals			
Aluminium	£880	....	£880
Free Mkt	$1390/1420	+20	$1370/400
Copper			
Cash h grade	£1111.5	—3.25	£1075
3 mths	£1138.25	—0.5	£1105.75
Cash Cathode	£1079.5	+3	£1054
3 months	£1108.5	+4	£1084
Gold troy oz	$434.5	+2	$435.5
Lead Cash	£275.25	+1	£303
3 months	£285.375	+0.875	£314.5
Nickel	£4526.5		£4833
Free mkt	205/230c	—2.5	210/240c
Palladium	$129.00	....	$108.50
Platinum	£278.50	+1.85	£257.60
Quicksilver†	$285/295		$320/335
Silver troy oz	789.70p	+9.58	736.55p
3 mths	808.85p	+9.45	753.70p
Tin cash	£8657.5	+7.5	£9256.5
3 month	£8610	+7.5	£9270.5
Tungsten	$85.88	....	$81.18
Wolfram 22.04 lb	$89/91	....	$90/92
Zinc Cash	£454.75	—3.75	£450.5
3 mths	£468.25	—4.25	£465.75
Producers	$750	....	$750

	May 5 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$630.5y	+2.5	$570
Groundnut	$527.5y	—2.5	$490
Linseed Crude	$318	....	‡
Palm Malayan	$440x	....	$410
Seeds			
Copra Phil	$420y	+10	‡
Soyabean (U.S.)	$259	+1.25	$255.25
Grains			
Barley Fut. Sep	£110.85	—0.2	£111.35
Maize	£147.00	+1	£147.00
Wheat Fut. Jul	£136.40	—0.2	£138.65
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1355	+12	£1274
Fut. July	£1314.5	+12	£1255.5
Coffee Ft. July	£1650.5	—16.5	£1637
Cotton A. Index	80.10c	....	80.10c
Gas Oil June	$237.75	—1	$244
Rubber (kilo)	71p	—1.5	79.p
Sugar (Raw)	£128y	—2	£107
Wooltops 64s	394p kilo	....	408p kilo

‡ Unquoted. x June. y May-June. v April-June. † Per 76lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.80-28.90	—0.05
Iranian Light	27.95-28.05	—0.05
Arabian Heavy	26.10-26.30	+0.05
North Sea (Forties)	29.55-29.75	—0.08
North Sea (Brent)	29.75-29.80	—0.15
African (Bonny Lt't)	29.75-29.95	—0.07
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	307-312	—2.0
Gas oil	241-244	—2.0
Heavy fuel oil	165-167	—

GAS OIL FUTURES

Expectations of a steadier New York market following the U.S. stock figures, which showed the lowest distillate stocks in 10 years, brought the market in slightly higher. In mixed trading, it remained in a narrow range through the morning. Prices then moved quickly to the lows in thin volume.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	241.50	—1.00	243.75-41.50
June	237.75	—1.00	240.75-37.25
July	235.75	—2.25	239.25-35.50
Aug	237.50	—1.25	240.25-36.50
Sept	239.25	—0.50	241.50-38.50
Oct	242.00	—1.00	244.25-41.50
Nov	245.25	—0.75	245.00-44.50
Dec	248.25	—	248.50-47.50
	252.50	+1.50	—

Turnover: 2,748 (4,195) lots of 100 tonnes.

GOLD MARKETS

Gold rose $2 to $434-435 on the London bullion market yesterday. It opened at $435½-436½ and was fixed at $435 in the morning, and $433¾ in the afternoon. The metal touched a peak of $436-$436½, and a low of $433¼-434.

In Paris the 12½ kilo gold bar was fixed at FFr 103,600 per kilo ($437.54 per ounce) in the afternoon, compared with FFr 103,600 ($437.44) in the morning, and FFr 103,950 ($437.38) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,270 per kilo ($437.12 per ounce), against DM 34,260, and closed at $433½-434½, compared with $432¾-$433¾.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $435.50 per ounce, against $435.75.

In Zurich gold finished unchanged at $432-435.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
May	434.00-35.5	+2.250	—
June	437.00-37.4	+1.900	438.40-36.8
July	440.30-41.9	+2.250	—
August	443.80-43.5	+2.000	444.80-43.7
Sept	447.00-48.0	+2.300	—
Oct	450.10-51.0	+2.060	—
Nov	453.50-55.8	+2.400	—

Turnover: 356 (430) lots of 100 tonnes.

	May 5		May 4	
Gold Bullion (fine ounce)				
Close	$434-435	(£274¾-275¼)	$432-433	(£272¾-273½)
Opening	$435½-436½	(£276¼-277)	$435-436	(£274¼-275)
Morning fixing	$435	(£276.650)	$434.50	(£274.531)
Afternoon fixing	$433.75	(£274.664)	$432.75	(£273.201)

Gold Coins May 5					
Krugrnd	$447-448	(£283¼-283¾)	King Sov	$105-106½	(£66½-67½)
½ Krg	$230-231	(£145¾-146¼)	Victoria Sov	$105-106½	(£66½-67½)
¼ Krg	$117-118	(£74¼-74¾)	French 20s	$88¾-90¾	(£56¼-57½)
1/10 Krug	$47½-48½	(£30-30¾)	50 pesos Mex	$537-539	(£340¼-341¼)
Mapleleaf	$446-447½	(£282½-283½)	100 Cor. Aust	$424-428	(£268¾-271¼)
New Sov	$101¾-103½	(£64½-65)	$20 Eagles	$570-590	(£361-367½)
½ New Sov	$60½-62½	(£38¼-39¼)			

EUROPEAN MARKETS

ROTTERDAM, May 5.

Wheat—(U.S. $ per tonne): U.S. No. 2 Red Winter: May 165, June 161, July 160, Aug 161, Sept 163. U.S. No. 2 Northern Spring, 14 per cent protein: May 191, June 183.50, July 182, Aug 180, Sept 180, Oct 181.50, Nov 184. U.S. No. 3 Amber Durum: May 208, June 203, July 199, Aug 194, Sept 194, Oct 195, Nov 196. Canadian Western Spring: May 227. Maize—(U.S. $ per tonne): U.S. No. 3 Yellow: May 149.25, June 148, July/Sept 146, Oct/Dec 138, Jan/March 143 sellers.

PARIS, May 5.

Cocoa—(FFr per 100 kg): May 1500/1509, July 1520 bid, Sept 1598/1599, Dec 1610/1615, Mar 1636/1643, May 1651 bid, July 1665 bid.

Sugar—(FFr per tonne): July 1770/1795, Aug 1798/1800, Oct 1852/1895, Nov 1895/1905, Dec 1965/1980, Mar [illegible], May 2160/2180, July 2181/[illegible].

BRITISH COMMODITY MARKETS

BASE METALS

Base-metal prices moved narrowly on the London Metal Exchange. Copper dipped to £1,137 on lack of interest but rallied to close the late Kerb at £1,142.5 following a breakdown of the talks between management and workers at Phelps Dodge. Buffer stock support held Tin around £8,600, while Lead closed at £286.5 and Zinc at £472. Aluminium was finally £794.5 and Nickel £3,227.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1110.5-1	—2	1111-2	—3.25
3 months	1136-7.5	—.5	1138-.5	—.5
Settlem't	1111	—2	—	......
Cathodes				
Cash	1075-8	+2	1079-80	+5
3 months	1105-7	+2.5	1108-9	+4
Settlem't	1078	+5	—	......
U.S. Prod.	—	—	*79-85	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,110.50, three months £1,138, 37.50, 37, 36.50, 37. Kerb: Higher Grade: Three months £1,137.50, 38. Afternoon: Higher Grade: Three months £1,138, 37.50, 38.50, 38. Cathodes: Three months £1,108. Kerb: Higher Grade: Three months £1,139, 40, 40.50, 41, 42, 43, 42.50, 42, 41, 42, 42.50, 42, 41, 41.50, 42, 41. Turnover: 36,400 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8665-70	+5	8655-60	+7.5
3 months	8625-30	+17.5	8600-20	+7.5
Settlem't	8670	+15	—	......
Standard				
Cash	8665-70	+15	8655-60	+7.5
3 months	8625-30	+17.5	8600-20	+7.5
Settlem't	8670	+15	—	......
Straits E.	‡$31.46	—	—	......
New York				

Tin—Morning: Standard: Cash £8,655, 60, 65, three months £8,630, 25, 20. Kerb: Standard: Three months £8,635. Afternoon: Standard: Three months £8,620, 25, 20, 10, 05. Kerb: Standard: Three months £8,610, 8,600, 8,580, 8,600. Turnover: 2,080 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	274.5-5	+3	275-.5	+1
3 months	285-.25	+2.87	285.25-.5	—.875
Settlem't	275	+3	—	......
U.S. Spot	—	......	*21-24	......

Lead—Morning: Cash £274.50, three months £285, 85.50, 86, 85.75, 85.25, 85.50, 85. Kerb: Three months £285.50. Afternoon: Three months £285, 85.50, 85.75, 85.50, 85.25. Kerb: Three months £285.50, 86, 86.50. Turnover: 21,700 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	458.5-9.5	+.25	454.5-5	—3.75
3 months	472-3	—.25	468-.5	—4.25
Settlem't	459.5	+.5	—	......
Primw'ts	—	......	*38-40.5	......

Zinc—Morning: Three months £472, 71, 72. Kerb: Three months £472, 71, 70, 70.50, 71. Afternoon: Three months £469, 68. Kerb: Three months £469, 70, 71, 72, 71. Turnover: 27,200 tonnes.

ALUMINIUM

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	866.5-7	—2	863-4	+.25
3 months	893-.5	—1.5	889-.5	......

Aluminium—Morning: Cash £866.50, 67, three months £893, 92.50, 92. Kerb: Three months £892, 92.50. Afternoon: Three months £892, 91, 90, 90.50, 90, 89.50. Kerb: Three months £891, 92, 93, 94, 95. Turnover: 11,000 tonnes.

NICKEL

Nickel — Morning: Three months £3,195, 3,200, 05, 3,200, 3,195, 90, 95. Kerb: Three months £3,195. Afternoon: Three months £3,185, 90, 95, [illegible] 15, 20, 25, 26, 30, 35, 30, 25. Turnover: 2,034 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3110-5	+30	3115-20	+52.5
3 months	3195-200	+25	3200-5	+52.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

LME—Turnover 110 (92) lots of 10,000 oz. Morning: Cash 792; three months 811, 10, 11. Kerb: Three months 810. Afternoon: Three months 808, 12, 12.3, 12.5. Kerb: Three months 812.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	789.70p	+9.50	793p	+10.5
3 months	808.85p	+9.45	812.25p	+10.5
6 months	827.60p	+9.50	—	......
12 months	866.70p	+9.50	—	......

Silver was fixed 9.5p an ounce higher for spot delivery in the London bullion market yesterday at 789.7p. U.S. cent equivalents of the fixing levels were: spot $12.442, up 9.4c; three-month $12.704, up 8.6c; six-month $12.978, up 8.3c; and 12-month $13.562, up 8.1c. The metal opened at 795-797p ($12.53-12.57) and closed at 794-796p ($12.54-12.56).

COCOA

After opening unchanged the market remained steady throughout the day with continued commission house buying. Physical business remained neglected, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1285-86	+18.0	1293-72
July	1314-15	+12.0	1323-98
Sept	1320-21	+13.0	1328-08
Dec	1335-36	+17.0	1341-23
March	1346-48	+14.5	1352-35
May	1350-65	+13.0	—
July	1365-80	+15.0	—

Sales: 2,892 (4,478) lots of 10 tonnes.

ICCO—Daily price for May 5: 90.83 (89.89). Indicator prices for May 6: 90.84 (90.40).

COFFEE

In light volume trade buying encouraged opening gains of £7-£8, reports Drexel Burnham Lambert. However, prices fell below the previous close before commission house support emerged. Late dealer selling produced a close near the lows.

COFFEE	Yest'day's Close	+ or —	Business Done
May	1650-55	—15.0	1675-40
July	1650-51	—16.5	1676-48
Sept	1584-86	—12.5	1607-82
Nov	1540-42	—13.0	1560-40
January	1500-01	—13.0	1520-99
March	1468-69	—14.0	1490-70
May	1440-48	—15.5	1470-48

Sales: 2,244 (2,093) lots of 5 tonnes.

ICO Indicator prices for May 4 (U.S. cents per pound): Comp daily 1979 125.82 (125.25): 15-day average 123.93 (123.72).

GRAINS

Mnth.	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'd'ys close	+ or —
May	135.80	—0.35	119.80	—
July	136.40	—0.20	—	—
Sep	117.60	—0.05	110.85	—0.20
Nov	120.20	—0.15	114.10	—0.10
Jan	123.35	—0.05	117.40	—0.15
May	126.25	—0.10	120.25	—0.10

Business done—Wheat: May 136.10-5.75, July 136.60-6.40, Sept 117.65 only, Nov 120.40-20.20, Jan 123.40 only, Mar 126.35-6.25. Sales: 184 lots of 100 tonnes. Barley: May 119.40 only, Sept 110.95-10.80, Nov 114.10-4.00, Jan and Mar untraded. Sales: 22 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 124.60, W. Midlands 123.70, N. West 125.40. The UK monetary coefficient for the week beginning Monday May 9 is expected to change to 0.950.

LONDON GRAINS—Wheat: U.S. dark northern spring No. 1 14 per cent June 129, July 125.75, August 126 trans shipment east coast sellers. English feed fob Sept 121, Oct/Dec 124.50, [illegible] Maize: French May 147 trans shipment east coast seller. Barley: English feed fob August English 112.50, Sept English 114.50, Scottish 113.25, Oct/Dec English/Scottish 118.25, Oct Scottish 116.25 sellers. Rest unquoted.

POTATOES

Nearby May dipped on the opening, but recovered due to strong short-covering to close at the high. New crops were very nervous, falling by up to £8.10 (basis April) before recovering towards midday. Afternoon trade again saw strong selling, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
May	71.00	69.60	71.00-68.00
Nov	82.00	85.50	85.00-82.00
Feb	92.00	97.00	96.00-92.00
April	115.50	118.60	118.5-112.5
May	123.00	125.50	124.5-120.0

Turnover: 1,187 (1,286) lots of 40 tonnes.

RUBBER

The physical market opened easier, attracted little interest throughout the day and closed quiet. Lewis and Peat reported a May fob price of No 1 RSS in Kuala Lumpur of 239.0 (246.0) cents a kg and SMR 20 228.0 (230.5).

No. 1 R.S.S.	Yesterdys close	Previous close	Business Done
	£ per tonne		
June	714-720	732-749	719
July	715-719	733-745	—
Jly-Sept	717-719	734-735	721-713
Oct-Dec	723-724	735-736	724-718
JanMch	742-743	755-757	745-738
Apl-Jne	762-765	772-778	754-757
Jly-Sept	782-786	794-797	—
Oct-Dec	802-805	715-718	801
JanMch	822-825	734-738	—

Sales: 159 (233) lots of 15 tonnes: 1 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 71.00p (72.50p); June 71.25p (72.75p); July 71.75p (73.25p).

SOYABEAN MEAL

The market opened £1 up on weaker sterling, reports T. G. Roddick. Prices remained steady and closed at opening levels.

	Yesterdy's close	+ or —	Business Done
	£ per tonne		
June	140.50-40.7	+0.40	141.10-40.50
August	142.00-42.2	+1.10	142.10-41.90
October	146.50-46.9	+0.58	147.00-46.00
Dec	152.00-55.0	+0.85	—
Feb	156.10-58.5	+0.85	—
April	156.60-58.5	+0.75	—
June	158.90-60.0	—	—

Sales: 102 (87) lots of 100 tonnes.

SOYABEAN OIL—Close (U.S. $ per tonne): June 440.00, 442.00; Aug 451.00, 456.00; Oct 462.00, 468.00; Dec 470.60, 479.50; Feb 480.00, 488.00; April 490.00, 504.00; June 500.00, 516.00. Sales: 0 (20) lots of 25 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar £128.00 (£130.00) a tonne cif May-June shipment. White sugar £150.00 (£151.00).

Although the market quickly fell by £2 on a lack of fresh news, the lower levels held well for the remainder of the day, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 3,017 (3,548) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £235.00 (£237.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for May 4: Daily price 7.73 (7.79); 15-day average 7.02 (6.92).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May [illegible] 585.0-583.0: Oct 577.0, 577.5, 578.0-577.0; Dec 588.5, 588.5, 589.0-587.0; March 604.0, 608.0, untraded; May 617.0, 619.0, untraded; July 628.0, 630.0, untraded; Oct 620.0, 622.0, untraded. Sales: 74.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 422 buyer only. 430; Aug 442, 447, 449-446; Oct 445, 447, 448; Dec 443, 448, 450-447; Jan 445, 446, 450-445; March 450, 456, 461-454; May 457, 461, 466-464; Aug 465, 470, 470-469; Oct 470, 476, 474. Sales: 93.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 543 tonnes. Additional support came in a wide variety of styles, notably in North and South American qualities. Users showed more initiative in anticipating their needs, and spinners were anxious to supplement existing stocks.

INDICES

FINANCIAL TIMES

May. 4	May. 3	M'th ago	Y'ar ago
271.16	270.72	275.16	245.02

(Base: July 1 1952=100)

REUTERS

May. 5	May. 4	M'th ago	Y'ar ago
1775.6	1775.7	1762.0	1690.5

(Base: September 18 1931=100)

MOODY'S

May 4	May. 3	M'th ago	Y'ar ago
1046.0	1041.4	501.59	1000.2

(December 31 1931=100)

DOW JONES

Dow Jones	May 4	May 3	Month ago	Year ago
Spot	142.60	141.81	115.49	125.21
Fut'rs	148.01	147.32	124.40	128.56

(Base: December 31 1974=100)

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 75.5 to 80.5. Veal: Dutch hinds and ends 122.5 to 127.5. Lamb: English small 111.5 to 117.0, medium 106.5 to 111.0, heavy 102.5 to 108.0; Imported: New Zealand PL 61.0 to 61.8, PM 60.0 to 61.0, PX 54.0 to 54.5. Sheep: English 86.0 to 90.6. Pork: English under 100lb 32.0 to 50.0, 100-120lb 42.0 to 48.0, 120-160lb 34.5 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.28p per kg lw (+1.87); GB—Sheep 237.26p per kg est dcw (+14.37); GB—Pigs 69.43p per kg lw (+0.67).

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £5.50-£6.50, codlings £3.50-£5.00; large haddock £4.00-£4.60, medium £3.80-£4.60, small £2.60-£3.40; medium plaice £5.50-£6.00, best small £3.80-£4.80; [illegible]

[illegible]

AMERICAN MARKETS

NEW YORK, May 5.

GOLD AND SILVER came under light selling pressure from commission house profit-taking on a weaker tone to financials. Copper finished lower on the lack of physical news and on the denial of rumours that talks had broken down between Phelps Dodge and the unions. Cocoa recovered on reports that recent bush fires destroyed up to 40 per cent of cocoa acreage in Ghana. Coffee showed a steady tone on light commission house buying on the market's failure to follow through to the downside. Sugar rallied after early weakness on the Dominican Republic selling tender. Cotton was mixed with a firm tone to the new crop on forecasts that plantings will be lower than expected. Heating oil found early support on a trade report which indicated oil stocks being at the lowest level in ten years, but was lower most of the session on technical selling. Grain and soyabean markets consolidated in light trade ahead of the USDA May 10 acreage estimate. Soyabeans attracted technical selling while wheat was under pressure on favourable crop prospects, reported Heinold Commodities Limited.

NEW YORK

COCOA 10 tonnes, $/tonne

May	1860	1875	1860	1850
July	1886	1919	1884	1876
Sept	1910	1937	1910	1901
Dec	1936	1960	1935	1930
March	1957	1976	1964	1958
May	1978	—	—	1979
July	2003	—	—	2004

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
May	126.81	126.90	126.40	126.50
July	126.30	126.50	125.75	126.14
Sept	124.20	124.40	123.75	124.08
Dec	123.01	123.40	122.70	123.00
March	120.48	120.60	120.50	120.38
May	117.76	—	—	117.99
July	115.75	—	—	115.75
Sept	113.70	113.80	113.60	113.60

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
May	78.75	79.20	78.60	78.95
June	79.30	—	—	79.50
July	80.00	80.50	79.95	80.20
Sept	81.25	81.75	81.20	81.40
Dec	83.00	83.55	82.90	83.10
Jan	83.50	—	—	83.60
March	84.60	85.00	84.40	84.65
May	85.70	86.00	85.80	85.70
July	86.75	87.30	86.90	86.75
Sept	87.80	88.50	88.10	87.80

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
May	70.29	10.50	69.80	70.08
July	71.41	71.80	71.05	71.37
Oct	72.40	72.85	72.35	72.30
Dec	72.48	72.80	72.15	72.15
March	73.84	74.00	73.60	73.40
May	74.15	74.15	73.90	73.90
July	75.00	—	—	74.75
Oct	74.50	—	—	74.50

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	432.4	435.0	434.9	435.1
June	434.8	437.7	433.5	437.7
July	437.9	—	—	440.9
August	441.2	444.4	440.2	444.2
Oct	447.8	450.5	448.0	450.8
Dec	454.5	457.5	453.0	457.4
Feb	461.4	463.5	462.8	464.3
April	468.6	469.8	465.0	471.4
June	475.9	480.0	480.0	478.7
August	483.4	—	—	486.2
Oct	491.0	492.0	492.0	493.8
Dec	498.7	501.5	—	501.5
Feb	506.8	—	—	509.6

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallon

	Close	High	Low	Prev
June	77.47	77.60	76.80	77.55
July	76.15	76.40	75.60	76.32
Aug	76.57	76.70	76.05	76.84
Sept	77.50	77.60	77.00	77.80
Oct	78.40	78.65	78.00	78.65
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	8.56	8.57	8.32	8.42
Sept	8.88	8.90	8.68	8.79
Oct	9.07	9.10	8.93	9.02
March	9.98	9.99	9.80	9.96
May	10.24	10.26	10.10	10.27
July	10.50	10.50	10.35	10.50
Sept	10.75	10.75	10.65	10.68
Oct	10.88	10.87	10.80	10.78

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
June	65.60	65.70	65.20	64.75
Aug	63.55	63.60	62.70	62.95
Oct	61.22	61.30	60.75	60.80
Dec	62.15	62.20	61.65	61.85
Feb	61.87	62.00	61.55	61.67
April	62.60	62.70	62.50	62.50

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
June	49.75	50.35	49.40	49.45
July	49.65	50.25	49.35	49.42
Aug	47.25	47.75	46.75	46.82
Oct	43.87	44.25	43.40	43.42
Dec	44.45	44.75	44.15	44.30
Feb	46.55	46.75	46.35	46.45
April	45.45	45.50	45.34	45.45
June	47.60	67.70	47.50	47.27
July	47.95	48.25	47.60	48.00

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
May	318.6	319.0	317.2	318.0
July	318.0	319.2	317.0	318.2
Sept	310.0	310.6	308.8	309.4
Dec	303.6	303.6	301.6	302.0
March	312.0	312.0	310.2	310.0
May	319.2	319.2	317.4	317.0
July	324.0	324.2	322.4	322.0

PORK BELLIES 38,000lb, cents/lb

	Close	High	Low	Prev
May	67.80	67.80	66.10	65.80
July	67.05	67.50	—	65.57
August	64.17	64.85	62.75	63.00
Feb	64.12	64.70	63.90	63.95
March	63.90	64.60	63.90	64.07
May	64.90	65.50	64.90	65.20
July	64.40	64.90	64.40	64.70
August	61.67	61.67	61.67	61.90

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
May	630.6	633.4	627.0	630.2
July	645.4	649.4	642.0	647.0
August	652.0	655.4	648.2	652.2
Sept	657.0	661.0	654.0	658.2
Nov	668.0	672.4	665.0	670.2
Jan	680.4	686.0	677.0	682.6
March	693.4	696.0	690.0	696.0
May	704.0	707.0	702.0	707.0
July	714.0	715.0	712.0	717.0

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lbs, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60lb-bushel

[illegible]

SPOT PRICES—Chicago loose lard 17.50 (17.25) cents per pound. New York tin 623.0-30.0 (625.0-30.0) cents per pound. Handy and Harman silver bullion 1,253.0 (1,253.0) cents per troy ounce.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99½	98½	Treasury 9¼pc '83	99⁷⁄₃₂	+⅛	9.27	10.09
102½	100½	Exch. 13½pc '83	101½xd	−⅛	13.27	10.20
100	98½	Exch. 10pc 1983	100	+⅛	10.00	9.93
97⅞	96¼	Funding 5½pc '82-84‡‡	97	......	5.67	9.91
101¼	99½	Exch. 11¼pc 1984	100	......	11.15	9.92
104⅞	102½	Exchequer 14pc 1984	103¾xd	......	13.49	10.12
94⅛	92½	Exch. 3pc 1984	94½	......	3.17	8.22
102½	100⅜	Treasury 12pc 1984	102½	......	11.71	9.96
107½	105⅜	Treasury 15pc 1985	107	+⅛	13.99	10.47
107	101⅛	Exch. 12pc Cnv. '85	104¼	−⅛	11.51	9.43
90⅞	88⅝	Treasury 3pc 1985	90⅝xd	......	3.31	8.07
102⅜	99⅞	Treasury 11½pc 1985	101¾	......	11.30	10.58
102	95	Treas 8¾pcCnv '85	97⅜	......	8.99	9.99
103⅝	103¼	Exch. 12¼pc 1985	103⅜xd	+⅛	11.84	10.64
102⅜	99⅞	Exch. 11¾pc '86	102	+⅛	11.45	10.64
88½	85⅝	Treasury 3pc 1986	87xd	......	3.45	7.89
67⅞	66	Exch. 10½pcCv '86 (£65pd)	67⅛	−⅛	10.41	10.15
103⅞	100⅛	Treasury 12pc '86	103⅝	+⅛	11.58	10.61
97½	94⅛	Treasury 8¼pc '84-86‡‡	95¼	......	8.87	10.09
112¼	103¾	Treas. 12¼pc '86 Cnv.	111	......	11.04	8.25
109⅞	105½	Exch. 14pc 1986	109⅛	+⅛	12.83	10.80
107¼	103⅞	Exch. 13¼pc 1987	107⅛	......	12.36	10.84
84⅞	81½	Exchequer 2½pc 1987	81⅝	......	3.06	8.21
100⅞	95⅞	Exch. 10½pc 1987	99¼	+⅛	10.57	10.71
99⅛	29⅞	Exch. 10½pc 1987A	99⅛	+⅛	10.59	10.75
93¼	89⅛	Funding 6½pc '85-87‡‡	89⅞	......	7.24	9.65

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99½	94¼	Aust. 6pc 1981-83	97xd	+⅛	6.15	10.30
78½	74¼	N.Z. 7½pc 1988-92	77½	+¼	9.64	11.72
91⅝	91	Do. 7½pc '83-86	91⅝	+⅛	8.43	11.81
163	158	S. Rhod 2½pc Non-Ass	162	...	—	—
80	74	Do. 3½pc 80-85 Assd	80	...	4.40	13.65
54	44	Do. 4½pc 87-92 Assd	50	...	9.17	14.61
390	321	Zimbabwe Ann (£100pd)	354xd	−2	—	16.67

LOANS

Public Board and Ind.

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
77½	72½	Agric. Mt. 5pc '59-89	76¼	...	6.65	10.56
34⅞	31¼	Met. Wtr. 3pc 'B'	34½	...	8.81	11.49

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1983 High	Low	Stock	Price	+ or −	Div. Gross	C'vr	Y'ld Gr's
135p	115p	Do. Pref. $3	135p	......	10%	—	12.0
26½	19¾	Tor. Dom. Bk. $1	25⅝xd	+⅛	$2.00	—	4.2
15⅞	13	♦Trans Can Pipe	14½	+½	$1.28	—	4.7

BANKS, H.P. & LEASING

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
240	190	ANZ $A1	230	......	028c	3.1	7.0	4.6
295	270	Alexanders D. £1	270	......	20.0	—	10.6	—
£93	£66	Algemene Fl.100	£84xc	......	v026%	1.8	7.7	7.2
128	98	Allied Irish	125	+3	045.3%	4.0	7.8	4.1
110	77	Ambacher (H.) 50p	85	−2	3.5	—	5.9	—
300	255	Bk. Ireland £1	290	......	±029.6%	—	8.7	—
3½	2	Bank Leumi	2½	......	—	—	—	—
165	130	Bk Leumi (UK)£1	150	......	10.15	—	9.7	—

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
396	344	Inveral	371	−1	†10.75	2.5	4.1	11.5
45	27	Inter-City 20p	31	.....	—	—	—	—
180	158	Interarze Tech Svs 20p	175	.....	u4.0	1.8	3.3	24.3
208	165	Jacksons Bourne	175	.....	5.0	3.1	4.1	11.3
28½	19	James Inds. 10p	24	.....	1.25	1.9	7.4	10.1
160	120	♥Jardine M HK$5	128	+4	Q80c	ϕ	6.0	ϕ
34	18	Jenks & Cattell	33	+1	1.06	ϕ	4.7	ϕ
348	282	Johnson Clrs.	297	−37	10.8	2.8	5.2	8.3
340	293	Johnson Mthy. £1	323	−7	10.0	1.9	4.4	(14.1)
332	228	Johnston Grp. 10p	330	−2	6.0	5.0	2.6	10.9
102	87	Jourdan (T.) 10p	98	.....	5.6	1.2	8.2	13.6
59	39	Kalamazoo 10p	55xd	−1	2.5	0.9	6.5	24.6
210	140	Kelsey Inds.	175	−3	8.0	1.7	6.5	12.0
140	110	Kershaw (A.) 5p	135	.....	15.0	0.6	15.9	(20.3)
54	39	Kleen-E-Ze Hldgs.	53	.....	t3.0	0.2	8.1	—
*74	52	L.C.P. Hlds.	72	−1	3.6	0.6	7.1	(42.1)
136	103	L.R.C. Int. 10p	128	−2	t3.1	2.8	3.5	21.6
30	17	Lamont Hldgs. 10p	29	.....	1.2	1.8	6.0	8.1
37	26	Lawtex	35	.....	—	—	—	—
410	365	Lep Group 10p	365	.....	17.5	1.7	6.8	(8.7)
27	22	Lilleshall 10p	26	.....	d1.0	—	5.7	—
700	255	Lon. & Liv. 10p	298	+4	†2.45	2.4	1.2	43.4
128½	102	London & Mid'd	127	−½	7.75	1.1	8.7	(15.2)
66½	55	Lon. & Nthn. Grp.	64½	−2	†3.75	2.1	8.3	6.9
40	32	♦Lon. Priv. Health	32	.....	—	—	—	16.0
9½	7½	Long Hmdy. 10p	9½	.....	♦8	—	—	—
65	46	Longton Inds.	53	.....	1.0	—	2.7	—
110	78	Low & Bonar 50p	102xd	−6	5.0	ϕ	7.0	ϕ
26	16	M.Y. Dart 10p	21	.....	0.1	—	0.7	—
212	142	M'c'rthy Ph. 20p	142	−3	7.0	2.5	7.0	7.0
146	128	Macfarlane Gp.	140	.....	3.52	2.1	3.6	17.1
46	42	Maclellan 20p	42	−1	1.5	ϕ	5.2	ϕ

INSURANCE

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
300	210	Falcon Rh.50c	250	.....	Q70c	ϕ	21.5
21	16	Wankie Col. Z$1	21xd	.....	Q5c	ϕ	14.0

Australians

Tins

Miscellaneous

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
90	54	♥Anglo Utd. Dev.	76	−1	—	—	—
135	60	♥Colby Res Corp.	90	+25	—	—	—
485	315	Cons. Murch. 10c	445	−5	‡Q60c	1.9	‡
5½	3	‡‡Explaura Gold	3	.....	—	—	—
155	103	♥Highwood Res	135	+5	—	—	—
£21¼	£18	Hometake Mnng $1	£19⅝	−¼	Q40c	—	1.3
495	360	Northgate C$1	400	−10	—	—	—
614	455	R.T.Z.	580	−3	16.0	1.9	4.0
£130	£108	Do. 9¼% Cn Un Ln '95-2000	£125½	−1	Q9½%	21.4	7.8
95	13	♥Sabina Inds C$1	95	.....	—	—	—
17½	12½	♦Southwest Res 10p.	16	.....	—	—	—
575	312	♥Tara Expln $1	575	+50	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- ⁑ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ■ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	IRISH	Price	+ or −
			Exch 15pc 1983	£100	.....
Albany Inv. 20p	54	.....	Nat. 9¾% 84/89	£87⅞	.....
Bdg'wtr. Est. 50p	260xc	−5	Fin. 13% 97/02	£96¼	+½
Craig & Rose £1	£12	.....	Alliance Gas	109	.....
Finlay Pkg. 5p	34	.....	Arnott	200	.....
Graig Ship. £1	£21	+1	Carroll (P.J.)	108	.....
Higsons Brew.	107	.....	Concrete Prods.	55	.....
Holt (Jos) 25p	920	.....	Helton (Hldgs.)	16	.....
I.O.M. Stm. £1	100	.....	Irish Ropes	31	.....

OPTIONS

3-month Call Rates

Stock	Price	Stock	Price	Stock	Price
Dunlop	6	Racal Elect.	45	KCA	8
Eagle Star	35	R.H.M.	6	Premier	4
F.N.F.C.	4½	Rank Org. Ord.	17	Shell	45
Gen. Accident	40	Reed Intnl.	28	Tricentrol	19
Gen. Electric	22	Sears	9	Ultramar	48
Glaxo	90	T.I.	16		
Grand Met.	32	Tesco	14	Mines	
G.U.S. 'A'	55	Thorn EMI	50	Charter Cons.	28
Guardian	42	Trusthouse	20	Cons. Gold	50
G.K.N.	16	Turner & Newall	4½	Lonrho	8½
Hawker Sidd.	34	Unilever	80	Rio T. Zinc	55

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling recovers from early lows

Sterling improved in currency markets yesterday from early levels but finished the day slightly down on Wednesday's close. Initial trading saw the pound weaken mainly on continental fears over yesterday's local UK elections but a firmer sentiment later in the day prompted a good deal of short-covering.

The dollar was a little weaker overall on hopes of lower interest rates but revised sentiment in the afternoon suggested that a fall in the U.S. discount rate may not yet be imminent and the dollar finished some way above its lowest levels.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. April average 1.5421. Trade weighted index 84.9 against 84.5 at noon and 84.6 in the morning and compared with 85.1 on Wednesday and 92.0 six months ago. Sterling has benefited from hopes that oil prices will remain stable, following the latest Opec settlement, the possibility of a Conservative win at an early general election and an expected period of stability in domestic interest rates.

Sterling opened at $1.5775 against the dollar and eased to a low of $1.5705 before recovering in the afternoon to a high of $1.5830. It closed at $1.5775-1.5785, a fall of just 25 points. Against the D-mark it fell to DM 3.8512½ from DM 3.8675 and SwFr 3.2375 from SwFr 3.25. It was also lower against the yen at Y371.0 from Y373.5 and FFr 11.61 compared with FFr 11.6775.

DOLLAR — Trade weighted index (Bank of England) 121.9 against 126.3 six months ago. The dollar has been firm during a period of uncertainty about oil prices and upheaval within the EMS. U.S. interest rates have not fallen as once expected and although better money supply figures have led to renewed hopes, future trends remain obscure.

The dollar closed at DM 2.4405 from DM 2.4455 and SwFr 2.0510 from SwFr 2.0570. It was also lower against the yen at Y235.05 from Y236.25 and FFr 7.36 compared with FFr 7.3875.

D-MARK — Trading range against the dollar in 1983 is 2.4950 to 2.3330. April average 2.4413. Trade-weighted index 130.0 against 125.9 six months ago. The D-mark remained weak against its EMS partners for slightly over a month after the realignement of the system in late March, but with economic fundamentals continuing to favour the German currency it is showing signs of renewed strength which may well pose further problems for the EMS later this year.

The D-mark showed mixed changes at the Frankfurt fixing, gaining ground against the dollar and sterling, but weakening against the Swiss franc and French franc. As expected the Bundesbank did not change its credit policies at yesterday's council meeting, despite some nervousness following the rise in the Dutch discount rate earlier this week. The dollar touched a peak of just over DM 2.44, but was fixed lower at DM 2.4386, compared with DM 2.4448, without any intervention by the authorities. Sterling declined to DM 3.8420 from DM 3.8710.

FRENCH FRANC — Trading range against the dollar in 1983 is 7.4050 to 6.6060. April average 7.3190 Trade-weighted index 70.0 against 73.0 six months ago. Political unrest and the improvement of the Deutschemark threaten to put further pressure on the franc within the EMS. Speculation has increased about the possibility of another devaluation this year despite the realignment involving a franc devaluation in March.

The French franc was firmer at the Paris fixing against the dollar and members of the EMS. The dollar fell to FFr 7.3645 from FFr 7.3920, sterling to FFr 11.5970 from FFr 11.7020; and the Swiss franc to FFr 3.5830 from FFr 3.5903. Within the EMS the Deutschemark fell to FFr 3.0180 from the record fixing of FFr 3.0248 on Wednesday. The Dutch guilder eased to FFr 2.6845 from FFr 2.6910, and the Belgian franc to FFr 15.1230 per 100 Belgian francs from FFr 15.1680.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.3662	45.1416	+1.75	+0.57	±1.5430
Danish Krone ...	8.04412	8.07044	+0.33	−0.85	±1.6419
German D-Mark	2.21515	2.26148	+2.09	+0.91	±1.0667
French Franc ...	6.79271	6.82245	+0.44	−0.74	±1.4018
Dutch Guilder ...	2.49587	2.54324	+1.90	+0.72	±1.4941
Irish Punt	0.71705	0.715961	−0.15	−1.33	±1.6696
Italian Lira	1386.78	1348.32	−2.77	−2.77	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

Losing ground

Eurodollar prices opened very firm on the London International Financial Futures Exchange yesterday, but finished slightly easier after the opening of Chicago trading. A very good reaction to the U.S. Treasury auction of 10-year notes, following an equally well received result to the three-year note auction on Tuesday, gave Eurodollars an early boost. Interest rates on the cash market opened lower, and futures prices began at 91.40 for June delivery, compared with the previous close of 91.35. The June contract touched a peak of 91.41, but market sources suggested that this already discounts a reduction in the Federal Reserve discount rate, and may be the high point for some time unless there is an early move by the Fed. Yesterday's auction of 29¾-year bonds tended to subdue trading towards the close, with the June price closing at 91.33, compared with the day's low of 91.32.

Sterling interest rate contracts traded within a narrow range, reflecting nervousness about the timing of a general election after yesterday's local polling. Dealers pointed out that September volume in the three-month sterling contract outweighed June trading, partly representing a very large selling order put through a major money broker.

Sterling currency futures were particularly active, trading a total of over £1,000 lots.

A point of interest to the market will be the news that the Government intends to grant tax exemption to pension fund transactions in financial futures, by a new clause at the committee stage of the Finance Bill. This is expected to provide a major stimulus to market turnover.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	91.33	91.41	91.32	91.35
Sept	91.20	91.30	91.20	91.24
Dec	90.97	91.06	90.97	90.97
March	90.78	90.83	90.77	90.74
June	90.52	90.53	90.52	90.47

Volume 1,807 (1,937)
Previous day's open int 3,814 (3,796)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	90.34	90.38	90.33	90.37
Sept	90.61	90.64	90.60	90.61
Dec	90.56	90.61	90.56	90.59
March	90.34	90.35	90.34	90.36
June	90.07	90.11	90.07	90.13

Volume 840 (456)
Previous day's open int 3,591 (3,470)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	106-09	106-17	106-05	106-15
Sept	105-29	106-04	105-26	106-02
Dec	107-29	108-01	107-29	108-02
March	107-17	107-17	107-17	107-24
June	—	—	—	—

Volume 1,475 (1,611)
Previous day's open int 2,833 (2,708)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) 2 to 10 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.5760	1.5760	1.5700	1.5812
Sept	1.5725	1.5725	1.5675	1.5772
Dec	1.5737	1.5737	1.5737	1.5774

Volume 1,111 (758)
Previous day's open int 1,821 (1,805)

DEUTSCHE MARKS DM125,000 $ per DM

	Close	High	Low	Prev
June	0.4108	0.4117	0.4107	0.4109
Sept	0.4150	0.4150	0.4109	0.4150
Dec	—	—	—	—

Volume 345 (183)
Previous day's open int 380 (385)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4892	0.4892	0.4885	0.4883
Sept	0.4955	0.4955	0.4955	0.4949
Dec	—	—	—	—

Volume 20 (133)
Previous day's open int 454 (407)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4260	0.4267	0.4255	0.4247
Sept	0.4289	0.4289	0.4289	0.4277
Dec	—	—	—	—

Volume 333 (306)
Previous day's open int 564 (422)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	79-18	—	79-14	79-22
Sept	78-31	79-12	78-27	79-02
Dec	78-16	78-27	78-12	78-17
March	78-00	78-12	77-30	78-02
June	77-17	77-28	77-17	77-21
Sept	77-09	77-15	77-08	77-09
Dec	76-31	77-05	76-29	76-31
March	76-22	76-27	76-21	76-22
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.04	92.10	92.02	92.10
Sept	91.94	92.01	91.93	92.01
Dec	91.76	91.81	91.75	91.79
March	91.58	91.62	91.58	91.63
June	91.40	91.42	91.40	91.47
Sept	91.23	91.24	91.23	91.29
Dec	—	—	91.08	91.11
March	90.93	90.93	90.93	90.95

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.64	91.72	91.62	91.69
Sept	91.45	91.53	91.45	91.51
Dec	91.21	91.25	91.19	91.22

THREE-MONTH EURODOLLAR (IMM)

	Latest	High	Low	Prev
June	91.06	91.15	91.06	91.11
Sept	90.94	91.01	90.94	90.98
Dec	90.70	90.76	90.69	90.73
Feb	—	—	—	—
March	90.50	90.52	90.49	90.52

STERLING (IMM) Se per £

	Latest	High	Low	Prev
June	1.5755	1.5810	1.5715	1.5750
Sept	1.5730	1.5775	1.5670	1.5710
Dec	1.5690	1.5770	1.5690	[illegible]
March	—	1.5740	1.5650	1.5670
June	—	—	—	—
Sept	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	72-17	73-00	72-15	72-23
Sept	71-25	72-07	71-24	71-30
Dec	71-03	71-14	71-03	71-07
March	70-16	70-26	70-16	70-20
June	70-00	70-08	69-30	70-02
Sept	69-13	69-24	69-13	69-19
Dec	69-00	69-11	69-00	69-07
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

OTHER CURRENCIES

May 5	£	$		£ Note Rates
Argentina Peso..	118,617-118,617	75,320-75,370	Austria	26.95-27.25
Australia Dollar..	1.8105-1.8125	1.1475-1.1480	Belgium	76.65-77.50
Brazil Cruzeiro...	715.86-717.86	452.67-454.93	Denmark	13.65-13.78
Finland Markka..	8.5450-8.5570	5.4120-5.4140	France	11.54-11.64
Greek Drachma..	130.356-133.664	83.70-83.90	Germany	3.82-3.86
Hong Kong Dollar	10.83-10.85	6.8580-6.8630	Italy	2275-2295
Iran Rial	134.40*	84.90*	Japan	370-375
Kuwait Dinar (KD)	0.4575-0.4590	0.29085-0.29095	Netherlands	4.30-4.34
Luxembourg Fr..	76.90-77.00	48.75-48.78	Norway	11.13-11.25
Malaysia Dollar..	3.6325-3.6425	2.3025-2.3045	Portugal	150-170
New Zealand Dlr..	2.3790-2.3840	1.5070-1.5095	Spain	204¾-220¾
Saudi Arab. Riyal	5.4320-5.4405	3.4500-3.4510	Sweden	11.72-11.82
Singapore Dollar	3.30-3.31	2.0920-2.9040	Switzerland	3.22-3.25
Sth. African Rand	1.7120-1.7130	1.0850-1.0855	United States	1.56½-1.58½
U.A.E. Dirham	5.7815-5.7915	3.6720-3.6735	Yugoslavia	128½-140

* Selling rates.

CURRENCY MOVEMENTS

May 5	Bank of England Index	Morgan Guaranty Change %
Sterling	84.9	−36.3
U.S. dollar	121.9	+11.5
Canadian dollar	91.2	−16.9
Austrian schilling	120.9	+30.2
Belgian franc	93.9	−1.7
Danish kroner	83.7	−10.6
Deutsche mark	130.0	+57.6
Swiss franc	151.4	+106.9
Guilder	118.2	+25.9
French franc	70.0	−23.6
Lira	52.0	−59.3
Yen	147.5	+40.7

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.689270	0.588655
U.S. $	8½	1.08550	0.926832
Canadian $	9.37	*	1.13399
Austria Sch	3¾	18.6430	15.9045
Belgian F	9½	52.9587	45.1416
Danish Kr	7½	9.45558	8.07044
D mark	4	2.64734	2.26148
Guilder	3½	7.97872	2.54324
French F	9½	7.99490	6.82245
Lira	17	1579.28	1348.32
Yen	5½	N/A	217.900
Norwgn Kr	9	7.70125	6.57174
Spanish Pta	—	148.130	126.513
Swedish Kr	8½	8.11269	6.93182
Swiss Fr	4	2.22962	1.90419
Greek Dr'ch	20½	91.0927	77.7710

* C$/SDR rate for May 4: 1.32877.

THE POUND SPOT AND FORWARD

May 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5705-1.5830	1.5775-1.5785	0.21-0.16c pm	1.41	0.46-0.41 pm	1.10
Canada	1.9250-1.9325	1.9310-1.9320	0.18-0.08c pm	0.81	0.55-0.45 pm	1.03
Nethlnd.	4.31-4.34½	4.33¼-4.34¼	2-1½c pm	4.84	5-4½ pm	4.38
Belgium	76.50-77.10	76.90-77.00	5c pm-5 dis	—	5 pm-5 dis	—
Denmark	13.67-13.74	13.73-13.74	¼-1¼ore dis	−0.71	4½-5½ dis	−1.46
Ireland	1.2150-1.2220	1.2207-1.2217	0.54-0.66p dis	−5.89	1.45-1.63dis	−5.04
W. Ger.	3.83-3.86	3.84¼-3.85¼	2-1½pf pm	5.45	5-4½ pm	4.93
Portugal	154-157	154¾-156¼	610-1880c dis	−96.23	1215-2800ds	−51.72
Spain	214.50-215.75	215.55-215.75	210-300c dis	−14.19	580-670dis	−11.59
Italy	2,285-2,297	2,294-2,296	9½-12½lire dis	−5.75	35-38 dis	−6.36
Norway	11.15-11.20	11.18¼-11.19¼	3¾-4¾ore dis	−4.09	10¾-11¾ dis	−4.00
France	11.57-11.62	11.60½-11.61½	3-4½c dis	−3.87	14¾-16¾ dis	−5.43
Sweden	11.75-11.81	11.80-11.81	¼-1¼ore dis	−1.10	2½-3 dis	−0.93
Japan	368-373	370½-471½	1.40-1.20y pm	4.20	3.60-3.40 pm	3.77
Austria	27.00-27.20	27.10-27.15	12½-10½gro pm	5.09	34-29½ pm	4.66
Switz.	3.22-3.25	3.23¼-3.24¼	1⅞-1⅜c pm	6.02	4⅞-4⅜ pm	5.71

Belgian rate is for convertible francs. Financial franc 77.15-77.25. Six-month forward dollar 0.74-0.69c pm. 12-month 1.15-1.05c pm.

THE DOLLAR SPOT AND FORWARD

May 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5705-1.5830	1.5775-1.5785	0.21-0.16c pm	1.41	0.46-0.41 pm	1.10
Ireland†	1.2930-1.2960	1.2930-1.2940	0.68-0.60c pm	5.93	1.88-1.78 pm	5.65
Canada	1.2230-1.2245	1.2235-1.2240	0.05-0.08c dis	−0.64	0.11-0.14dis	−0.41
Nethlnd.	2.7410-2.7500	2.7470-2.7490	0.81-0.71c pm	3.32	2.27-2.17 pm	3.23
Belgium	48.65-48.90	48.76-48.78	4-5½c dis	−1.17	12-15 dis	−1.11
Denmark	8.6975-8.7125	8.7000-8.7100	0.70-1.70ore dis	−1.65	3.75-4.75dis	−1.95
W. Ger.	2.4360-2.4425	2.4400-2.4410	0.86-0.81pf pm	4.10	2.35-2.30 pm	3.81
Portugal	97.00-99.35	97.70-99.20	400-1200c dis	−97.46	800-1800dis	−52.79
Spain	136.40-136.70	136.65-136.70	150-200c dis	−15.38	405-475dis	−12.89
Italy	1,454-1,456	1,454-1,455	9-9½lire dis	−7.73	28½-30 dis	−8.04
Norway	7.0825-7.0950	7.0825-7.0900	2.60-3.60ore dis	−5.25	8.60-9.60dis	−5.13
France	7.3500-7.3740	7.3575-7.3625	3.10-3.60c dis	−5.46	11.5-12.5dis	−6.52
Sweden	7.4745-7.4830	7.4780-7.4830	1.30-1.80ore dis	−2.49	3.25-4.00dis	−1.94
Japan	234.70-235.55	235.00-235.10	0.56-0.51y pm	2.73	1.56-1.48 pm	2.80
Austria	17.16-17.20½	17.19-17.20	5.80-5.00gro pm	3.77	16.50-14.00pm	3.55
Switz.	2.0475-2.0595	2.0505-2.0515	0.80-0.75c pm	4.53	2.35-2.30 pm	4.53

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 48.88-48.98.

EXCHANGE CROSS RATES

May. 5	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.578	3.851	371.0	11.61	3.238	4.338	2295.	1.932	76.95
U.S. Dollar	0.634	1.	2.441	235.1	7.357	2.058	2.749	1454.	1.224	48.76
Deutschmark	0.260	0.410	1.	96.33	3.015	0.841	1.126	595.9	0.502	19.98
Japanese Yen 1,000	2.695	4.253	10.38	1000.	31.29	8.726	11.69	6186.	5.206	207.4
French Franc 10	0.861	1.359	3.317	319.6	10.	2.785	3.736	1977.	1.664	66.28
Swiss Franc	0.309	0.487	1.190	114.6	3.586	1.	1.340	708.9	0.597	23.77
Dutch Guilder	0.231	0.364	0.888	85.53	2.677	0.746	1.	529.1	0.445	17.74
Italian Lira 1,000	0.436	0.688	1.678	161.7	5.059	1.411	1.890	1000.	0.842	33.53
Canadian Dollar	0.518	0.817	1.994	192.2	6.011	1.676	2.246	1188.	1.	39.84
Belgian Franc 100	1.300	2.051	5.005	482.1	15.09	4.207	5.637	2982.	2.510	100.

MONEY MARKETS

UK rates continue to ease

UK clearing bank base lending rate 10 per cent (since April 15 and 18)

Interest rates continued to ease in London yesterday. The market maintained its recent bullish trend, underpinned by hopes of an early general election and a Conservative win. Future trends were also influenced by a growing feeling that U.S. interest rates were likely to show a fall this month. Six month sterling CDs were quoted at 9 13/16-9 11/16 per cent down from 9 31/32-9 27/32 per cent while three-month interbank money slipped to 10-10⅛ per cent.

Overnight money in the interbank market opened at 10½-10¾ per cent and rose to 10¾ per cent before climbing further in the afternoon to 12 per cent. Rates eased back to 10 per cent but rose towards the close to 13 per cent.

The Bank forecast a shortage of around £450m, later revised to £550m. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills −£223m and Exchequer transactions −£210m. Assistance in the morning totalled £216m and comprised purchases of £51m of eligible bank bills in band 1 (up to 14 days) at 10 1/16 per cent and in band 2 (15-33 days) £1m of Treasury bills and £137m of eligible bank bills. In band 3 (34-63 days) it bought £9m of Treasury bills, £11m of local authority bills and £7m of eligible bank bills all at 9 15/16 per cent.

Further assistance in the afternoon amounted to £107m, making a grand total of £323m. The afternoon help comprised purchases of £3m of Treasury bills and £67m of eligible bank bills in band 2 at 10 per cent and £37m of eligible bank bills in band 3 at 9 15/16 per cent.

In Frankfurt the Bundesbank left its credit policies unchanged at yesterday's meeting of the central council. This was much in line with market expectations. Call money remained tight however at 5-5.05 per cent with funds drained by the recent two-year bond offerng and funds obtaned though the Lombard facility remained high at DM 7.8bn

LONDON MONEY RATES

May 5 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-15	10-11¼	—	—	10½	10-10¼	—	—	—
2 days notice	—	—	10 5/16-10 7/16	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10¼-10½	10¼-10⅜	—	—	10½	10-10⅛	—	—	—
One month	10⅛-10¼	10¼-10⅜	10¼-10⅜	10¾-10½	10¼	10½	10	10 1/16	10 1/16	10⅝
Two months	10 1/16-10 3/16	10 1/16-10¼	10⅛-10⅜	10⅜-10⅛	10⅛	10½	9⅞	9⅞-9 13/16	9⅞	10½
Three months	10 1/16-9⅞	10-10⅛	10-10 1/16	10½-10¼	10⅛	10⅝	9¾	9 11/16-9¾	9 13/16-9¾	10 7/16
Six months	9 13/16-9 15/16	9 13/16-10 1/16	9⅞-10 1/16	9¾-9½	10 1/16	—	—	—	9 13/16-9 11/16	10 1/16
Nine months	9 13/16-9 15/16	9 15/16-10⅛	10-10⅛	10¼-10	10 1/16	—	—	—	—	—
One year	9 15/16-9 15/16	9 15/16-10⅛	10-10½	10¼-10	10 1/16	—	—	—	—	—
Two years	—	—	10¾	—	—	—	—	—	—	—

ECGD Rate Export Finance Scheme IV Average Rate for interest period April 6 to May 3 1983 (inclusive) 10.304 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10¾-11¼ per cent; four years 11-11¼ per cent; five years 11½-11½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills 9⅝ per cent; four months trade bills 10⅜ per cent.

Approximate selling rate for one month Treasury bills 10 per cent; two months 9 31/32 per cent; and three months 9⅞ per cent. Approximate selling rate for one month bank bills 10 per cent; two months 9 31/32 per cent and three months 9 27/32-9 25/32 per cent; trade bills one month 10⅝ per cent; two months 10½ per cent and three months 10 7/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from May 1 1983. London and Scottish Clearing Bank Rates for lending 10 per cent. London Deposit Rates for sums at seven days' notice 6¾ per cent.

Treasury Bills: Average tender rates of discount 9.6765 per cent. Certificates of Tax Deposit (Series 5). Deposits of £100,000 and over held one month 10½ per cent; one-three months 10¼ per cent; three-six months 10¼ per cent; six-12 months 10¼ per cent. Under £100,000 10 per cent from April 8. Deposits held under Series 3-5 10¼ per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

May 5	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	10 7/16-10 9/16	10 7/16-10 9/16	10 3/16-10¼	10-10 1/16	9 15/16-10	10-10 1/16
U.S. Dollar	8⅝-8⅞	8¾-8⅞	8⅝-8⅞	8⅝-8⅞	8 11/16-8 13/16	8 13/16-9 1/16
Can. Dollar	8-8½	9-9½	9-9¼	9-9¼	9⅛-9⅜	9⅛-9⅜
D. Guilder	4¾-5	5¼-5⅜	5⅜-5½	5 5/16-5 7/16	5 5/16-5 7/16	5 7/16-5 9/16
S. Franc	3½-4	2⅞-3⅛	4-4⅛	4 1/16-4 3/16	4⅛-4¼	4 3/16-4 5/16
Deutschm'rk	4⅛-4 5/16	4 3/16-4 5/16	4⅝-4⅞	4 9/16-5 1/16	5 1/16-5 3/16	5⅜-5½
Fr'nch Franc	12½-12¾	12½-12¾	13¾-14¼	14¾-15¼	17-17½	18-18½
Italian Lira	14-15½	14⅝-16¼	15½-16⅜	16¼-16⅞	17-17⅜	17⅞-18¾
Belg. Franc Conv.	8½-9	9¼-9¾	9¾-10¼	9¾-10¼	10-10½	10¼-10¾
Fin.	9½-10	9¾-10	9⅞-10⅛	9⅞-10⅛	10-10¼	10-10¼
Yen	5 7/16-6⅛	6⅛-6⅜	6⅛-6⅜	6 3/16-6¼	6 3/16-6¼	6⅜-6½
D. Krone	11-11½	10½-11	10⅛-10⅝	10⅞-11⅜	11½-12	11¾-12¼
Asia $ (Sing.)	8¾-8⅞	8¾-8⅞	8 11/16-8 13/16	8 11/16-8 13/16	8¾-8⅞	9-9⅛

FT LONDON INTERBANK FIXING

(11.00 a.m. MAY 5)

3 month U.S. dollars		6 months U.S. dollars	
bid 8 11/16	offer 8 13/16	bid 8 3/4	offer 8 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	10½
Fed funds (lunch-time)	8⅝-9
Treasury bills (13-week)	8.04
Treasury bills (26-week)	8.02

GERMANY

Lombard	5.0
Overnight rate	5.025
One month	5.25
Three months	5.30
Six months	5.35

FRANCE

Intervention rate	12.5
Overnight rate	12.625
One month	12.75
Three months	12.75
Six months	12.8125

JAPAN

Discount rate	5.5
Call (unconditional)	6.34375
Bill discount (3-month)	6.65625

SWITZERLAND

Discount rate	4
Overnight rate	3-4
One month	4¼-4⅜
Three months	4¼-4⅜

NETHERLANDS

Discount rate	4½
Overnight rate	4¼-5
One month	5¼-5½
Three months	5⅜-5⅝
Six months	5⅜-5⅝

$ CERTIFICATES OF DEPOSIT

One month	8.50-8.60
Three months	8.50-8.60
Six months	8.50-8.60
One year	8.70-8.80

LONG TERM EURO $

Two years	10-10¼
Three years	10½-10¾
Four years	10¾-11
Five years	11-11¼

SDR LINKED DEPOSITS

One month	8⅛-8½
Three months	8¼-8⅝
Six months	8½-8⅞
One year	8¾-9⅛

ECU LINKED DEPOSITS

One month	8⅞-9⅛
Three months	8⅞-9⅛
Six months	9-9¼
One year	9⅜-10⅛

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday May 4 1983. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	6.3803
Algeria	Dinar	4.738
Andorra	Fr. Franc	7.395
	Sp. Peseta	136.45
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	Peso (f)	75000.
Australia	Dollar	1.1488
Austria	Schilling	17.21
Azores	Port. Escudo	98.50
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Is.	Sp. Peseta	136.45
Bangladesh	Taka	24.15
Barbados	Dollar	2.0113
Belgium	Franc (C)	48.765
	Franc (F)	49.12
Belize	Dollar	2.00
Benin	C.F.A. Franc	369.75
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.985
Bolivia	Peso (c)	44.00
	Peso (f)	198.00
Botswana	Pula	1.0565
Brazil	Cruzeiro	453.80
Brunei	Dollar	2.098
Bulgaria	Lev	0.967
Burma	Kyat	7.8472
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	369.75
Canada	Dollar	1.2252
Canary Is.	Sp. Peseta	136.45
Cape Verde Is.	Escudo	67.746
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	369.75
Chad	C.F.A. Franc	369.75
Chile	Peso (O)	73.76
China	Renminbi Yuan	1.9859
Colombia	Peso (O)	75.60
Comoros	C.F.A. Franc	369.75
Congo P'ple.Rep.of	C.F.A. Franc	369.75
Costa Rica	Colon (O)	40.25
	Colon	40.00
Cuba	Peso	0.8434
Cyprus	Pound*	1.9486
Czechoslovakia	Koruna (O)	6.20
Denmark	Krone	8.7122
Djibouti Rp. of	Franc	177.72
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O) (10)	43.27
	Sucre (F)	82.05
Egypt	Pound* (O)	1.4286
	Pound* (O)	1.2195
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	272.90
Ethiopia	Birr (O)	2.0341
Faeroe Is.	Dan. Krone	8.7122
Falkland Is.	Pound*	1.583
Fiji	Dollar	1.0114
Finland	Markka	5.414
France	Franc	7.395
Fr. C'ty in Af.	C.F.A. Franc	369.75
Fr. Guiana	Franc	7.395
Fr. Pac. Is.	C.F.P. Franc	134.454
Gabon	C.F.A. Franc	369.75
Gambia	Dalasi	2.5269
Germany (E)	Ostmark (O)	2.444
Germnay (W)	Mark	2.444
Ghana	Cedi	2.75
Gibraltar	Pound*	1.583
Greece	Drachma	83.90
Greenland	Dan. Krone	8.7122

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	7.395
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	40.5801
Guinea Rep.	Syli	22.7666
Guyana	Dollar	3.9602
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	6.938
Hungary	Forint	41.7559
Iceland	Krona	21.575
India	Rupee	9.985
Indonesia	Rupiah	966.00
Iran	Rial (O)	86.1259
Iraq	Dinar	0.31
Irish Rep	Punt*	1.2927
Israel	Shekel	41.915
Italy	Lira	1459.00
Ivory Coast	C.F.A. Franc	369.75
Jamaica	Dollar (c)	1.7835
	Dollar (f) (1)	2.725
Japan	Yen	236.77
Jordan	Dinar	0.3569
Kampuchea	Riel	n.a.
Kenya	Shilling	12.9661
Kiribati	Aust. Dollar	1.1488
Korea (Nth)	Won	0.94
Korea (Sth)	Won	767.00
Kuwait	Dinar	0.2912
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.1637
Lesotho	Loti	1.0846
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.0587
Luxembourg	Lux Franc	48.765
Macao	Pataca	7.2121
Madagascar D. R.	Franc	392.00
Madeira	Port. Escudo	98.50
Malawi	Kwacha	1.118
Malaysia	Ringgit	2.308
Maldive Is.	Rufiyaa (O)	3.95
	Rufiyaa (M)	7.05
Mali Rp.	Franc	739.50
Malta	Pound*	2.3981
Martinique	Franc	7.395
Mauritania	Ouguiya	55.95
Mauritius	Rupee	11.0673
Mexico	Peso(5)	150.75
	Peso (6)(cont'd)	112.52
Miquelon	Fr. Franc	7.395
Monaco	Fr. Franc	7.395
Mongolia	Tugrik (O)	3.3565
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	6.6063
Mozambique	Metica	29.0435
Namibia	S.A. Rand	1.0846
Nauru Is.	Aust. Dollar	1.1488
Nepal	Rupee	14.30
Netherlands	Guilder	2.7485
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.5107
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	369.75
Nigeria	Naira (O)	0.6849
Norway	Krone	7.096
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	12.9078
Panama	Balboa	1.00
Papua N.G.	Kina	0.9459
Paraguay	Guarani (o) (2)	126.00
	Guarani (m) (2)	160.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Peru	Sol	1306.74
Philippines	Peso	9.946
Pitcairn Is.	N.Z. Dollar	1.5107
Poland	Zloty (O)	86.85
Portugal	Escudo	98.50
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	7.395
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.583
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr Franc	7.395
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	1.5069
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1459.00
Sao Tome & Principe DR	Dobra	38.196
Saudi Arabia	Riyal	3.4505
Senegal	C.F.A. Franc	369.75
Seychelles	Rupee	6.6722
Sierra Leone	Leone (o) (3)	1.26
	Leone (o) (3)	2.45
Singapore	Dollar	2.098
Solomon Is.	Dollar	1.1225
Somali Rep.	Shilling	15.2175
South Africa	Rand	1.0846
Spain	Peseta	136.45
Span. Ports in N. Africa	Sp. Peseta	136.45
Sri Lanka	Rupee	22.97
Sudan Rep.	Pound*	0.7692
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.0846
Sweden	Krone	7.46
Switzerland	Franc	2.0587
Syria	Pound	3.925
Taiwan	Dollar (O)	39.98
Tanzania	Shilling	9.60
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	369.75
Tonga Is.	Pa'anga	1.1488
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.6625
Turkey	Lira	208.70
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.1488
Uganda	Shilling (1st)	124.50
	Shilling (2nd)	287.84
Utd. A'b. Emir.	Dirham	3.6732
Utd. Kingdom	Pound Sterling*	1.565
Upper Volta	C.F.A. Franc	369.75
Uruguay	Peso	32.625
U.S.S.R.	Rouble	0.725
Vanuatu	Vatu	97.9455
	Aust. Dollar	1.1488
Vatican	Lira	1459.00
Venezuela	Bolivar (7)	4.2938
	Bolivar (8)	6.00
	Bolivar (9)	9.71
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.605
Yemen PDR	Dinar	0.3455
Yugoslavia	Dinar	80.3327
Zaire Rp.	Zaire	5.6657
Zambia	Kwacha (4)	1.1905
Zimbabwe	Dollar	0.969

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Jamaica two-tier FX rate exists. Comm and Fin. (2) Paraguay operates a two-tier system. o=imports, exports and government transactions, m=all other transactions. (3) Sierra Leone: (o) for essential imports; Commercial fortnightly auction of FX. (4) Zambia: Jan 9 20 per cent devaluation against SDR. (5) Mexico: Freemarket rate. (6) Mexico: Controlled rate covering imports, exports and some debt repayments. (7) Venezuela—three-tier system has developed. This rate is for all essential imports. (8) Venezuela—Non-essential import rate. (9) Venezuela: Floating rate for tourists. (10) Ecuador devalued by 21 per cent.

COMMODITIES SURVEY

The Financial Times wishes to apologise to its readers and the advertisers within the Commodity Survey for moving the survey from today's issue to Thursday 19th May issue

A PUBLICATION OF PUMA

The quality way

"GERMAN BRANDED GOODS HAVE A FIRST-CLASS REPUTATION THROUGHOUT THE WORLD. OVER THE YEARS PUMA HAS MADE ITS CONTRIBUTION BY PRODUCING SPORTS SHOES OF SUPERLATIVE QUALITY. THIS APPLIES BOTH TO PRODUCTION IN WEST GERMANY AND TO THE EXPORT OF KNOW-HOW. I SHALL DO MY UTMOST TO ENSURE THAT THIS REMAINS THE CASE IN THE FUTURE."

Armin A. Dassler
President, PUMA

PUMA®

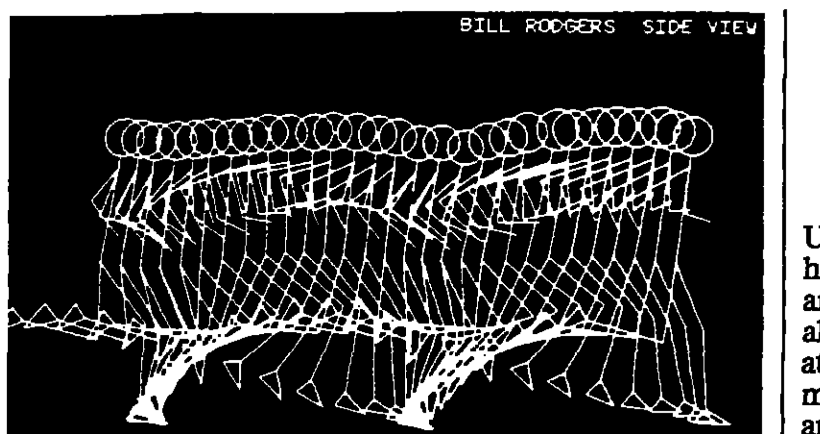
...BECAUSE PUMA DOES IT THE QUALITY WAY.

Spotlight on PUMA sports shoe development

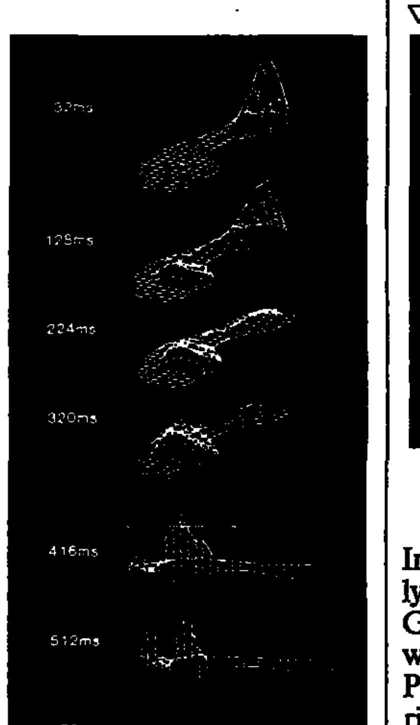
"BIOMECHANICS AND THE FINDINGS OF SPORTS SCIENCE ARE OF FUNDAMENTAL IMPORTANCE WHEN IT COMES TO DESIGNING AN IMPROVED SPORTS SHOE - AND SO IMPROVING THE PERFORMANCE OF ANYONE INVOLVED IN SPORT."

"The studies of sports scientists on the series of movements – biomechanics – of the human foot during sporting activity are more important than ever for PUMA as the basis of new development in shoe design.
For far too long the development of the sports shoe was influenced by half-baked ideas and caprices. To avoid any further damage to feet the findings of sports science and medicine must be put to the service of new development as soon as possible.
We must find out what bodily motions are set in train as a result of running. In particular excessive inversion of the foot when running can lead to serious injuries.
As many as 30 % of all running injuries result in damage to the knee-joint caused by twisting of the thigh and the lower leg.
Over a period of years an incorrect foot position can have disastrous consequences. For example when jogging the foot has to withstand three times the normal bodily weight at every pace. Or in other words a sportsman, weighing 85 kg, who jumps from a height of 80 cm with outstretched legs, subjects his backbone to a load of one ton.
These figures prove that the importance of the sports shoe for the health of the sportsman has been completely underestimated."

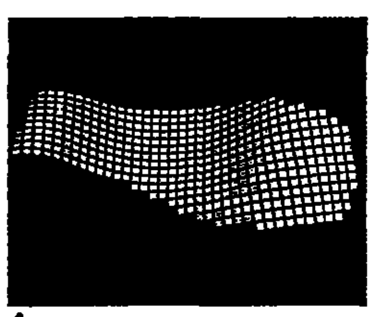
Prof. Peter Cavanagh,
Professor of Biomechanics,
Biomechanics Laboratory,
Pennsylvania State University.



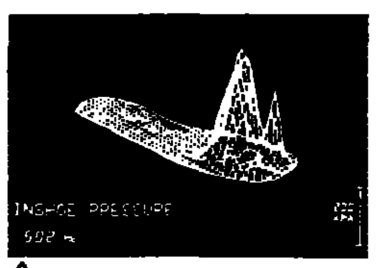
△ Data from high speed cinematography generates a computer graphic of marathon runner Bill Rodgers' running gait.



This computer graphic is ▷ taken from force platform data. It shows the greatest intensity and duration of pressure at the fore-foot. Before such studies, it was generally believed that only the heel needed protection from vertical pressure. PUMA is the first to recognize the need for protecting the fore-foot.

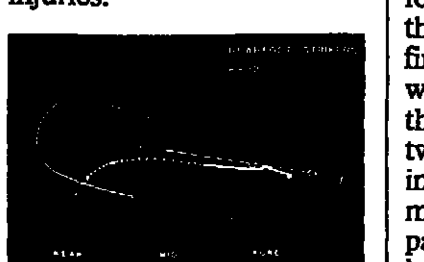


△ Five hundred electronic sensors in PUMA's INTERIOR PRESSURE MAT allow scientists to measure the amount of pressure exerted by the foot INSIDE the shoe.



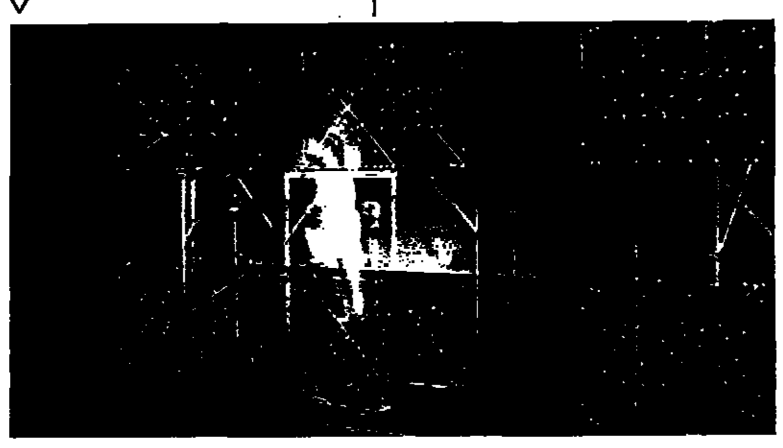
△ The INTERIOR PRESSURE MAT, invented by PUMA researchers, is the only device available today that can measure the amount of pressure INSIDE the shoe. Such measurements allow greater precision in shoe design and construction.

◁ Through use of a force platform, PUMA sports scientists study the amount of vertical pressure on the foot in action.
Results of these studies show that the greatest duration of pressure lies at the fore-foot. PUMA's LAB I running shoe addresses the PRECISE PATH of vertical pressure forces to the fore-foot, in addition to the pressure at the heel. Protection to the fore-foot is particularly important, since pressure in this area can lead to stress fractures and other injuries.

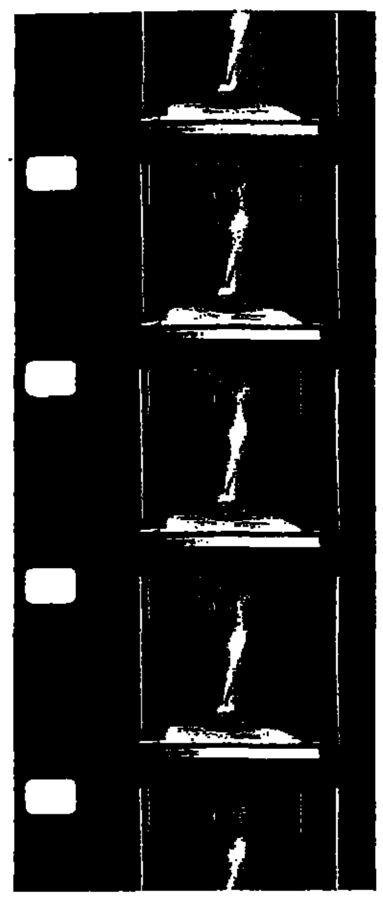


△ This composite graphic shows the average PRESSURE PATH of rear-foot strikers, leading from the outside border of the shoe at the heel, in toward the center of the fore-foot. Although the pressure path crosses over the arch, there is no vertical pressure at the arch.

Using a combination of high speed cinematography and electronic technology, all three dimensions of this athlete's movements can be measured simultaneously and time sequenced.
▽



High speed cinematography taken from the side and/or rear, shows the pattern of a runner's foot strike on a laboratory treadmill in milliseconds. ▷
All runners – whether rear-foot, mid-foot or fore-foot strikers – first contact the ground on the outside border of the shoe.

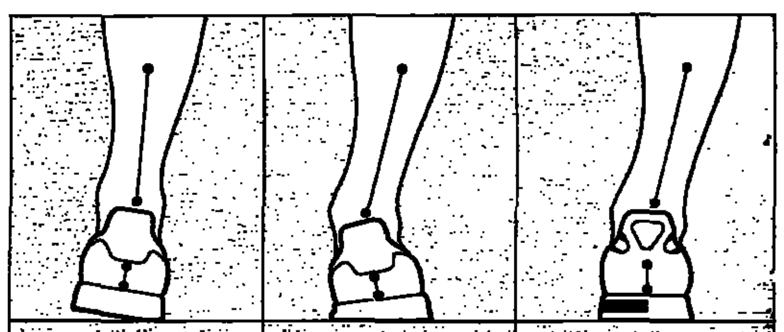


A Milestone for Runners

In Europe running is rapidly becoming a mass sport. Gentle jogging is giving way to serious running. PUMA have developed the right shoe to meet this demand. The result: LAB I, the first shoe with level compensation in the heel area. The wedge-like intermediate sole, made of best quality microcell rubber, has a built-in stability sector in the area around the inside of the heel. Together with the asymmetrical stiffening counter, the sole helps to prevent the foot from twisting inwards.

Computer analysis of high speed cinematographic film can reconstruct the movement of the runner on a treadmill in graphic form. The computer can also generate angle/time plots. This plot shows the angle of the right leg and rear-foot in the initial 30 % of the contact phase. After first contacting the ground with the outside border of the shoe, the angle between the leg and the shoe in the average runner moves through a typical pattern. On contact, the heel rolls toward the inside of the foot. This is called inversion. Too much inversion, called pronation, can lead to knee or other injuries.

Biomechanical research studies have led to PUMA's new, fully slip-lasted design and sewn canvas fore-foot. Narrower at the heel, it provides excellent fit, flexibility and rear-foot stability.



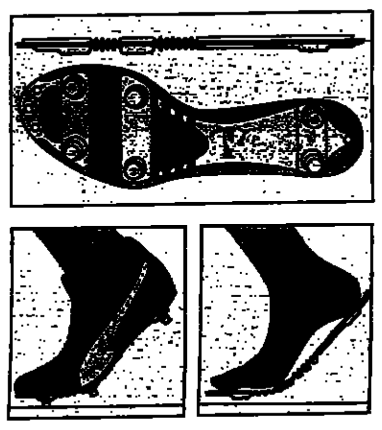
Phase 1: With both the traditional type of shoe and with the LAB, the axis of the foot is vertical prior to footstrike.	Phase 2a: When the traditional shoe is subjected to pressure the axis of the foot is at an angle. (Excess pressure on knee-joint, danger of injury!)	Phase 2b: When the LAB is subjected to pressure, the axis of the foot remains vertical. A stability sector prevents excessive inversion of the foot.

Biomechanical research shows that different shoes offer different levels of rear-foot control and protection against excessive pronation. The PUMA LAB I running shoe, for example, offers the ultimate protection against excessive pronation, in addition to offering the runner a number of other safety benefits.

VARIBOX LACING SYSTEM (patent pending) allows custom fit… provides support under the arch… allows a wide range of flexibility for the toe-off.

"A MAJOR BRAND IS MAKING SPORTS SHOE HISTORY. NEW PRODUCTS THAT ARE LANDMARKS OF DEVELOPMENT AND DESIGN. SPORTS SHOES THAT SET STANDARDS FOR QUALITY BOTH IN MANUFACTURING AND IN MATERIAL."

The Football Boot Revolution



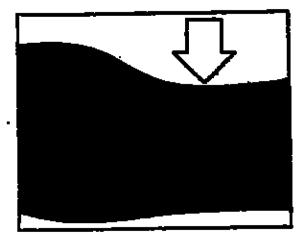
Experts have called the TORERO boot revolutionary with its PUMA DUOFLEX sole, the sole with two flexizones. Ribbed and flexible as a concertina these zones ensure perfect matching of the insole to the foot. This is a studded boot with all the advantages of the moulded studded sole. The TORERO affords greater sensitivity in ball-play and gives more control when shooting, because the boot fits the foot like a second skin. Increased perfection in the roll of the foot means a reduction in energy loss when running. And a further advantage of the flexible sole: greater stability, because when starting off four studs are in contact with the ground.

Progress Does Not Mark Time

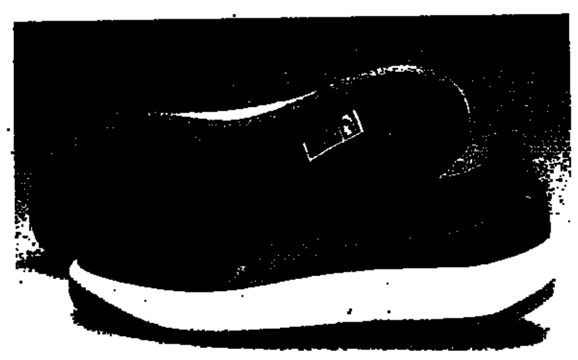
With the STEP STAR, PUMA has succeeded in producing the first football boot with a completely new orthopaedic function. In conjunction with the axial arch support, the newly designed anatomical insole prevents the foot from being twisted lengthways and so the ankle joint is not subjected to excessive pressure; wear on the ankle joint and the risk of injury are reduced to a minimum. Padding in the vamp of the boot, which is made of soft and supple kangaroo leather, has a shock-absorbing effect when shooting and passing.

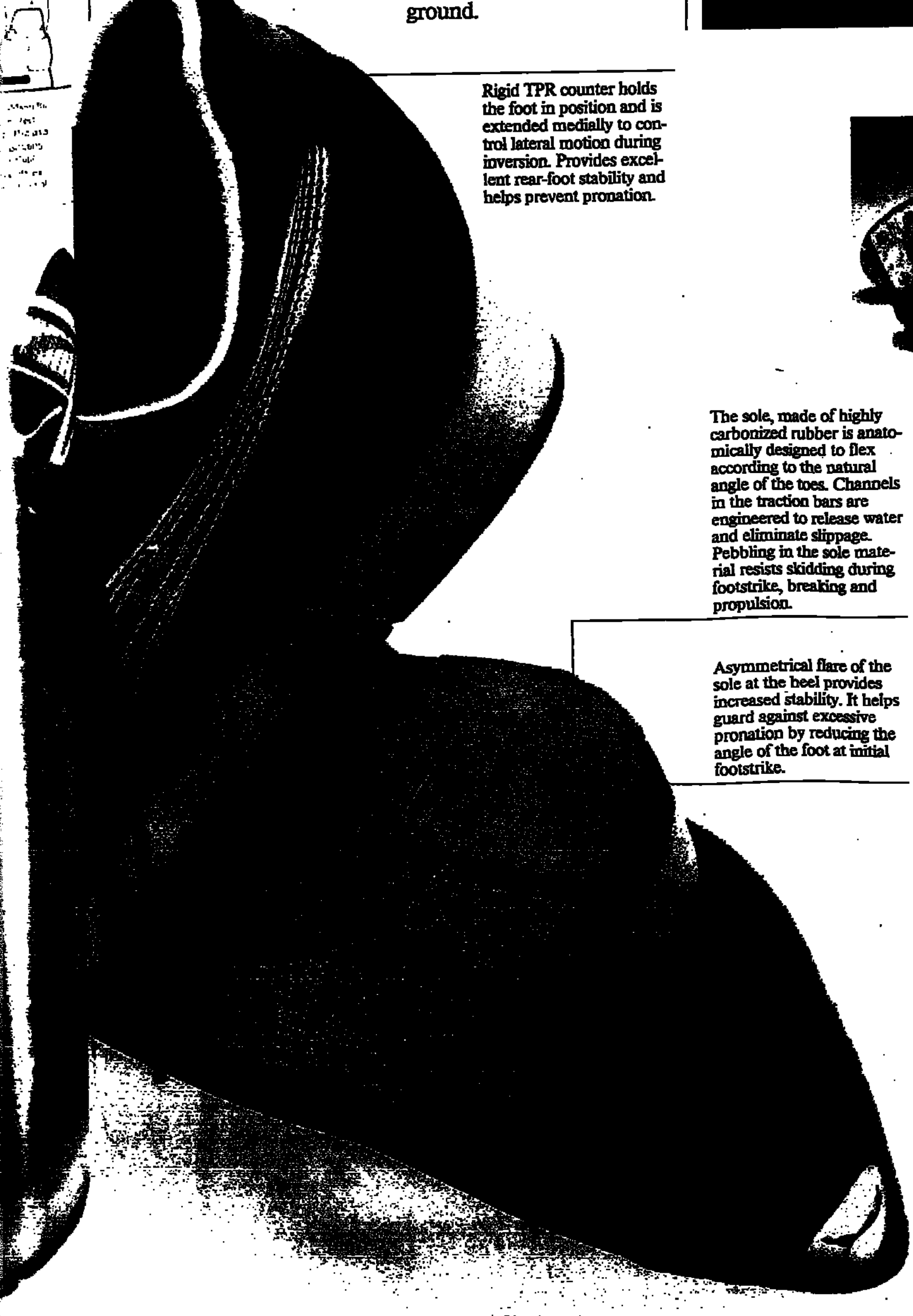
Outstanding Example of a Purpose-built Shoe

The CALIFORNIA is an example of our first-class range of training and leisure shoes designed for amateur and professional sportsmen who appreciate the value of a good training shoe for a trouble-free season. Every type of training puts strain on muscles, tendons and joints.
A quality sports shoe such as the CALIFORNIA guides and supports the foot and cushions impacts with its special elasticity and flexibility zones. The anatomically designed insole prevents the foot from slipping forwards, supports the arch firmly both lengthways and laterally and cushions the heel bone. The outer ankle support is flexible, adapts itself to any angle of footstrike and helps to reduce impact on ankle and leg joints.

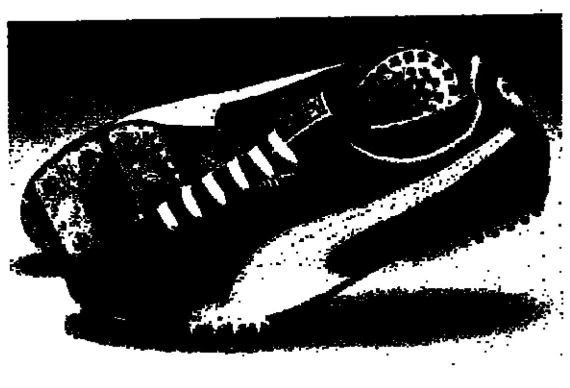


Your PUMA shoes for training and leisure

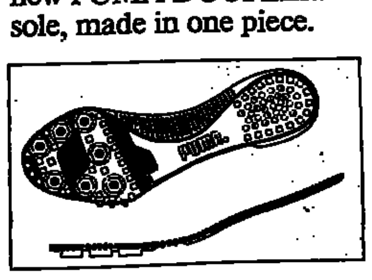




Shoes and Records



The ultralight running shoe for sprints, hurdles, middle distances etc. has the new PUMA DUOFLEX sole, made in one piece.



The two flexizones in the fore-foot and mid-foot areas give even greater lateral flexibility. The grip system integrated into the heel, toe and mid-foot areas, the built-in heel pad, the reinforced asymmetrical counter and the arch support are all features that counteract the dangerous pronation position. The shoe has a new spike configuration specially developed to cope with the specific demands of athletics; furthermore each spike position can be individually set.

Professional sport still represents the greatest challenge for the sports shoe. And it is precisely in this field that PUMA has repeatedly come up with new ideas, making sports shoe history and celebrating victories and records. For example – the European record for the 400 m hurdles set at the last European Athletic Championships. With the MAKANUDO, the first running shoe with the PUMA DUOFLEX sprint sole.

PUMA does it the quality way

For anyone who actively participates in sport, quality in sportswear is no less important than in footwear. PUMA's range of sporting fashions is comprehensive, whether for training, competition or leisure wear. The range includes classical track suits, warm-up suits, jogging and leisure combinations, polo shirts and sweatshirts, practical quilted blousons, hiking jackets, all-weather clothing and cross-country ski suits. Nor has the younger sporting generation been neglected. The new collection is youthful, sporting, attractive and can be worn in a variety of combinations. Alongside the classical colours this season's latest fashion colours are also well in evidence.